

FINAL ANNUAL BUDGET OF !KHEIS LOCAL MUNICIPALITY



2019/20 TO 2021/22

Final Medium Term Revenue & Expenditure Framework (MTREF)

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May 2019

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Abbreviations and Acronyms

ASGISA	Accelerated and Shared Growth Initiative
BPC	Budget Planning Committee
CFO	Chief Financial Officer
CPI	Consumer Price Index
DBSA	Development Bank of South Africa
DoRA	Division of Revenue Act
DWA	Department of Water Affairs
EE	Employment Equity
EPWP	Expended Public Works Programme
FBS	Free basic services
FMG	Financial Management Grant
GAMAP	Generally Accepted Municipal Accounting Practice
GDS	Growth and Development Strategy
GFS	Government Financial Statistics
GRAP	General Recognised Accounting Practice
HR	Human Resources
IDP	Integrated Development Strategy
IT	Information Technology
kℓ	kilolitre
km	kilometre
KPA	Key Performance Area
KPI	Key Performance Indicator
kWh	kilowatt
ℓ	litre
LED	Local Economic Development
M	Mayor
MM	Municipal Manager
MBRR	Municipal Budget Reporting Regulations
MEC	Member of the Executive Committee
MFMA	Municipal Financial Management Act
MIG	Municipal Infrastructure Grant
MMC	Member of Mayoral Committee
MPRA	Municipal Properties Rates Act
MSA	Municipal Systems Act
MSIG	Municipal Systems Improvement Grant
MTEF	Medium-term Expenditure Framework
MTREF	Medium-term Revenue and Expenditure Framework
NERSA	National Electricity Regulator South Africa
NDP	National Development Plan
NGO	Non-Governmental organisations
NKPIs	National Key Performance Indicators
OHS	Occupational Health and Safety
OP	Operational Plan
PBO	Public Benefit Organisations
PMS	Performance Management System
PPE	Property Plant and Equipment
SALGA	South African Local Government Association
SDBIP	Service Delivery Budget Implementation Plan
SMME	Small Micro and Medium Enterprises

!KHEIS LOCAL MUNICIPALITY

VISION

“The development of an institution, focussing on transparent, loyal and effective service delivery to the residence of the !Kheis Municipal Area.”

MISSION

‘To promote economic development to the advantage of the communities within the boundaries of the !Kheis Municipality. This will be done by the establishment and maintenance of an effective administration and a safe environment in order to lure tourists and investors to the area’.

Core values of the municipality

The Municipality is committed to deliver services within the framework of *Batho Pele* principles, as outlined below:

- *Courtesy and ‘People First’*
Residents should be treated with courtesy and consideration at all times.
- *Consultation*
Residents should be consulted about service levels and quality, when possible.
- *Service excellence*
Residents must be made aware of what to expect in terms of level and quality of service.
- *Access*
Residents should have equal access to the services to which they are entitled.
- *Information*
Residents must receive full and accurate information about their services.
- *Openness and transparency*
Residents should be informed about government departments, operations, budgets and management structures.
- *Redress*
Residents are entitled to an apology, explanation and remedial action if the promised standard of service is not delivered.
- *Value for money*
Public services should be provided economically and efficiently.

Part 1 – ANNUAL BUDGET

Mayor's Report

1. Introduction

I am hereby presenting the Final Annual Budget, Final Service Delivery Budget Implementation Plan (SDBIP), and IDP for the 2019/20 MTREF. The budget that I am presenting was prepared in accordance with the Municipal Finance Management Act, (Act 56 of 2003) and complies with Generally Recognized Accounting Practices as applicable to Local Government.

This budget amidst of the on-going global economic crisis, are presented in a time when municipalities throughout the country are struggling to get their economies working again. As an elected representative, I am duty bound to report on occasions like these properly on the execution of our mandate.

I therefore Councillor's, make this bold statement: "We are responsible Political Office Bearers that will uphold the constitution at all times; furthermore, as Political Office Bearers we believe we had appointed suitably qualified professionals to administrate this Budget meticulously and having the interest of the people at heart. It is in our interest to make !Kheis Municipality our competitive and attractive entity to both domestic and foreign investors.

This budget is a forecast of revenue and expenditure, it is a projection of future financial activities and must be used as a guiding tool. It would be a futile exercise when this tool is not utilised to achieve our developmental imperatives to change the lives of the !Kheis communities.

The budget is a planning tool and instrument to manage public funds to improve the quality of life of all our people, and this we do through planning, allocation, control and proper accounting.

We do acknowledge that the municipality is not a profit making organization and must be maintained as a going concern; therefore acknowledging the increasing cost of service delivery. We are forever adapting our strategies to suit prevailing economic circumstances, as we cannot isolate ourselves from the global economy.

Our biggest challenge is unemployment and to stimulate the rural economy. Although our focus is shamelessly pro poor, we have come to the realisation that with our own resources only we would be unable to achieve significant change in the municipal area. We need the goodwill and intervention of all government departments, state owned enterprises, the private sector and civil society.

The budget submitted here today is another step closer to accomplish the strategic goals of the municipality which includes amongst others, institutional development

and transformation, service delivery to all our communities, the financial viability and sustainability of the municipality as well as good administration and public participation.

I would like to thank all the role players, stakeholders and every citizen of !Kheis Municipality who participated in the Finaling of this IDP and Budget, through a process of public participation, ward committees, workshops, one – on – one engagements and individual inputs.

It is my privilege and honour to present this 2019/2020 Final budget to the Council for its consideration and approval.

I thank you!

1.2 Council Resolutions

On 29 March 2019 the Council of !Kheis Municipality met in the Council Chambers to consider the Annual Budget of the municipality for the financial year 2019/2020 and the two outer years. The Council, acting in terms of section 24 of the Municipal Finance Management Act, (Act 56 of 2003) approves and adopt the following resolutions:

1.1 The Final annual budget of the municipality for the financial year 2019/2020 and the multi-year and single-year capital appropriations as set out in the following tables:

1.1.1 Final Budgeted Financial Performance (revenue and expenditure by standard classification)

1.1.2 Final Budgeted and Financial performance (revenue and expenditure by municipal vote)

1.1.3 Final Budgeted Financial Performance (revenue by source and expenditure by type); and

1.1.4 Final Multi-year and single-year capital appropriations by municipal vote and standard classification funding by source.

1.2 The Final financial position, Final cash flow budget, Final cash-backed reserve/accumulated surplus, Final asset management and Final basic service delivery targets are approved as set out in the following tables:

1.2.1 Final Budgeted Financial Position

1.2.2 Final Budgeted Cash Flows

1.2.3 Final Cash Backed reserves and accumulated surplus reconciliation

1.2.4 Final Asset Management; and

1.2.5 Final Basic Service Delivery Measurement

2. The Council of !Kheis Municipality, acting in terms of section 75A of the Local Government Municipal Systems Act (Act 32 of 2000), approves and adopt with effect from 1 July 2019 the following tariffs for all services:

2.1 The Final tariffs for property rates

2.2 The Final tariffs for supply of water

2.3 The Final tariffs for sanitation services

2.4 The Final tariffs for refuse removal

3. The Council of !Kheis Municipality, acting in terms of section 75A of the Local Government Municipal Systems Act (Act 32 of 2000), approves and adopt with effect from 28 March 2018 the Final tariffs for other services.

4. To give proper effect to the municipality's Final annual budget, the Council of !Kheis Municipality approves:

- 4.1 that cash backing is implemented through the utilisation of a portion of the revenue generated from property rates to ensure that all capital reserves and provisions and unspent conditional grants are cash as prescribed by section 8 of the Municipal Budget and Reporting Regulations.
- 4.2 That the municipality did not budget to raise long term loans to fund the capital budget.

1.3 Executive Summary

Section 153 of the Constitution requires that a municipality must structure and manage its administration and budgeting and planning processes to give priority to the basic needs of the community, and to promote the social and economic development of the community”

The application of sound financial management principles for the compilation of the municipality’s budget is essential and critical to ensure that the municipality remains financially viable and that municipal services are provided sustainably, economically and equitably to all communities. The municipality’s business and service delivery priorities were reviewed as part of this year’s planning and budget process.

National Treasury’s MFMA Circular No. 93 and 94 were used to guide the compilation of the 2019/2020 Final budget. The following areas require particular attention:

- Revenue Management – To ensure all households are accurately billed and revenue collected
- Collection Outstanding Debt – Ensure sufficient administrative capacity, political commitment and accuracy and affordability of the accounts of poor households
- Pricing of services – To ensure that the services rendered are recovered in terms of the pricing structure
- Repairs and Maintenance – Assets should be maintained in a healthy state in order to generate revenue over a longer term
- Spending on non-priorities – Ensure that funding is allocated to prioritized items.

The main challenges experienced during compilation of the Final 2019/2020 MTREF can be summarized as follows

- Service delivery backlogs,
- The continued increases in the cost to provide services. Continuous high tariff increases are not sustainable – as there will be a point where services will no longer be affordable to our communities, particularly the unemployed, the vulnerable and indigents,
- Aging and poorly maintained water and roads infrastructure,
- Continuous increase of outstanding debtors,
- Unavailability of own funding for capital budget; and
- Inability to raise capital
- The on-going difficulties in the national and local economy.

The following budget principles and guidelines directly informed the compilation of the 2019/2020 MTREF.

- The 2019/20 Final Budget priorities and targets, as well as the base line allocations contained in that Budget were adopted for the new baselines of the 2019/2020 Final MTREF Budget.
- Compliance with laws and regulations
- Previous commitments and existing contracts
- Affordability of tariff and property rate increases in line with inflation as measured by the CPI, except where there are price increases in the inputs of services that are beyond the control of the municipality, for instance the cost of bulk water. In addition, tariffs need to remain or move towards being cost reflective, and should take into account the need to address infrastructure backlogs.
- There will be no budget allocated to national and provincial funded projects unless the necessary grants to the municipality are reflected in the national and provincial budget and have been gazetted as required by the annual Division of Revenue Act.
- The budget must be spent in full, and all grants must be utilised in full.

In view of the aforementioned, the following table is a consolidated overview of the Final 2019/2020 Medium-Term Revenue and Expenditure Framework.

Table 1 Consolidated Overview of the 2019/20 MTREF

R Thousand	Approved Budget 18/19	Budget Year 19/20	Budget Year +1 20/21	Budget Year + 2 21/22
	R'000'	R'000'	R'000'	R'000'
Total Operating Revenue	47 169	52 035	54 526	58 796
Total Operating Expenditure	60 818	63 361	65 071	70 066
Surplus /(Deficit)	(13 648)	(11 326)	(10 546)	(11 270)
Total Capital Expenditure	14 567	15 191	11 035	11 529

Total operating revenue has increase by 6.7% for the 2019/20 financial year compared to the 2019/20 Approved Adjustment Budget, due to the following reasons:

- increase in property rates payments,
- increase in service charges and
- decrease in grants and subsidies

Operational expenditure has grown by 6.7% in the 2019/20 budget year compared to the 2018/19 Approved Adjustment Budget figures. This increase is mainly due to the following:

- A new proposed municipal organogram had developed and will be submitted to Council for the 2019/20 financial year, indicating a possible saving in salary expenses
- Expenditure such as repairs and maintenance on our infrastructure capital assets had been budgeted for, however, due to ongoing financial constraints these processes are being put on hold.
- Expansion of the water treatment works, that will result in additional chemicals for water purification
- Expansion of sewerage infrastructure in Grootdrink and Groblershoop had put additional pressure on the provision of electricity
- High increase in price of diesel for the sanitation and sewerage trucks to be maintain for the services render.

The capital budget of R10 691 million for the 2019/20 financial year which decrease with 26.6% in comparison with the 2018/19 Adjustment Budget. An additional R4,5 million had been received from WISG for the Brandboom Water treatment works. The Capital Budget will be funded from MIG over the MTREF in review.

1.4 Operating Revenue Framework

!Kheis Local Municipality intends to continue improving the quality of services provided to its community as highlighted above on its priorities and therefore needs to generate the required revenue to attain that. In these tough economic times strong revenue management is fundamental to the financial sustainability of our municipality. The expenditure required to address these challenges will inevitably always exceed available funding; hence difficult choices have to be made in relation to tariff increases and balancing expenditure against realistically anticipated revenues. We have made generous efforts, in the MTREF, to maximise revenue generation without neglecting the need to be realistic while limiting non-essential expenditure. This places a strenuous burden on our management to be prudent in the revenue and expenditure management.

The municipality's revenues strategy is built around the following key components:

- Growth in the municipality and continued economic development;
- Efficient revenue management, which aims to ensure a 50% annual collection rate for property rates, service charges and other income for 2019/20
- Increase ability to extend new services(flat rate) and recover costs;
- The municipality's Indigents Policy and rendering of free basic services; and
- Tariff policies of the municipality.

The following table is a summary of the 2019/20 MTREF revenue (classified by main revenue source):

Table 2 Summary of revenue classified by revenue source

NC084 !Kheis - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description R thousand	Ref										
		2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Revenue By Source											
Property rates	2	3 876	4 998	4 528	4 368	4 368	4 368	4 368	7 541	8 076	8 982
Service charges - electricity revenue	2	–	–	–	–	–	–	–	–	–	–
Service charges - water revenue	2	4 303	2 410	4 656	4 301	4 137	4 137	4 137	5 222	5 593	6 195
Service charges - sanitation revenue	2	2 061	1 527	2 344	1 780	1 647	1 647	1 647	1 129	1 209	1 300
Service charges - refuse revenue	2	2 724	1 429	2 905	2 891	2 646	2 646	2 646	1 496	1 602	1 722
Rental of facilities and equipment		599	1 269	465	593	1 093	1 093	1 093	1 466	1 554	1 688
Interest earned - external investments		241	271	290	280	447	447	447	477	510	549
Interest earned - outstanding debtors		–	–	3 608	167	712	712	712	1 157	1 239	1 332
Dividends received		–	–	–	–	–	–	–	–	–	–
Fines, penalties and forfeits		–	–	–	68	(0)	(0)	(0)	–	–	–
Licences and permits		315	258	172	11	17	17	17	–	–	–
Agency services		–	–	–	1 818	885	885	885	945	1 012	1 088
Transfers and subsidies		20 514	26 577	30 263	27 328	27 899	27 899	27 899	30 115	31 066	33 056
Other revenue	2	1 155	914	960	1 657	1 970	1 970	1 970	1 048	1 123	1 226
Gains on disposal of PPE		2	2 038	2 070	–	1 350	1 350	1 350	1 440	1 543	1 658
Total Revenue (excluding capital transfers and contributions)		35 791	41 691	52 260	45 259	47 169	47 169	47 169	52 035	54 526	58 796

Table 3 Summary of revenue and expenditure classified by source**NC084 !Kheis - Table A4 Budgeted Financial Performance (revenue and expenditure)**

Description	Ref										
		2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand	1										
Revenue By Source											
Property rates	2	3 876	4 998	4 528	4 368	4 368	4 368	4 368	7 541	8 076	8 982
Service charges - electricity revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - water revenue	2	4 303	2 410	4 656	4 301	4 137	4 137	4 137	5 222	5 593	6 195
Service charges - sanitation revenue	2	2 061	1 527	2 344	1 780	1 647	1 647	1 647	1 129	1 209	1 300
Service charges - refuse revenue	2	2 724	1 429	2 905	2 891	2 646	2 646	2 646	1 496	1 602	1 722
Rental of facilities and equipment		599	1 269	465	593	1 093	1 093	1 093	1 466	1 554	1 688
Interest earned - external investments		241	271	290	280	447	447	447	477	510	549
Interest earned - outstanding debtors		-	-	3 608	167	712	712	712	1 157	1 239	1 332
Dividends received		-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		-	-	-	68	(0)	(0)	(0)	-	-	-
Licences and permits		315	258	172	11	17	17	17	-	-	-
Agency services		-	-	-	1 818	885	885	885	945	1 012	1 088
Transfers and subsidies		20 514	26 577	30 263	27 328	27 899	27 899	27 899	30 115	31 066	33 056
Other revenue	2	1 155	914	960	1 657	1 970	1 970	1 970	1 048	1 123	1 226
Gains on disposal of PPE		2	2 038	2 070	-	1 350	1 350	1 350	1 440	1 543	1 658
Total Revenue (excluding capital transfers and contributions)		35 791	41 691	52 260	45 259	47 169	47 169	47 169	52 035	54 526	58 796

In line with the formats prescribed by the Municipal Budget and Reporting Regulations, capital transfers and contributions are excluded from the operating statement, as inclusion of these revenue sources would distort the operating surplus/deficit.

Revenue generated from rates and services charges forms a significant percentage of the revenue basket for the municipality. In the 2018/2019 adjusted budget, revenue from rates and services charges totalled R12.797 million in conjunction with the R15.388 million for 2019/20 financial year in review. For the past financial years, the municipality lost significant amounts of revenue due to incorrect billing of

properties for rates and taxes due to incorrect valuations on the valuation roll. Water revenue has also seen a slight increase of 6.7%, from 2018/19.

Water is the second largest revenue source totalling 33% (R 5.2 million) of billing revenue for the financial year under review.

Operating grants and transfers totals R27.9 million in the approved adjustment budget for 2018/19 financial year and steadily increased to R30.1 million by 2019/20.

The following table gives a breakdown of the various operating grants and subsidies allocated to the municipality over the medium term.

Table 4 Operating Transfers and Grants Receipts

NC084 !Kheis - Supporting Table SA19 Expenditure on transfers and grant programme

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand										
EXPENDITURE:	1									
<u>Operating expenditure of Transfers and Grants</u>										
National Government:		19 858	22 233	23 799	25 578	25 578	25 578	28 232	30 183	32 106
Operational Revenue:General Revenue:Equitable Share		17 053	20 223	21 454	23 163	23 163	23 163	25 352	26 871	28 530
Local Government Financial Management Grant [Schedule 5B]		2 805	2 010	2 345	2 415	2 415	2 415	2 880	3 312	3 576
Provincial Government:		1 656	2 092	2 158	1 750	2 321	2 321	1 883	883	950
Capacity Building		656	1 092	1 158	750	1 321	1 321	-	-	-
Capacity Building and Other		-	-	-	-	-	-	883	883	950
Other		1 000	1 000	1 000	1 000	1 000	1 000	1 000	-	-
District Municipality:		-	-	-	-	-	-	-	-	-
All Grants		-	-	-	-	-	-	-	-	-
Other Grant Providers:		-	-	-	-	-	-	-	-	-
Departmental Agencies and Accounts		-	-	-	-	-	-	-	-	-
Total operating expenditure of Transfers and Grants:		21 514	24 325	25 957	27 328	27 899	27 899	30 115	31 066	33 056
<u>Capital expenditure of Transfers and Grants</u>										
National Government:		16 905	14 905	18 298	14 567	19 067	19 067	15 191	11 035	11 529
Integrated National Electrification Programme (Municipal Grant) [Schedule 5B]		-	-	-	-	-	-	-	-	-
Municipal Infrastructure Grant [Schedule 5B]		12 485	10 202	10 798	10 567	10 567	10 567	10 691	11 035	11 529
Energy Efficiency and Demand Side Management Grant		-	4 703	-	-	-	-	-	-	-
Regional Bulk Infrastructure Grant (Schedule 5B)		4 420	-	-	-	-	-	-	-	-
Water Services Infrastructure Grant [Schedule 5B]		-	-	7 500	4 000	8 500	8 500	4 500	-	-
Provincial Government:		-	-	-	-	-	-	500	-	-
Capacity Building		-	-	-	-	-	-	-	-	-
Capacity Building and Other		-	-	-	-	-	-	500	-	-
District Municipality:		-	-	-	-	-	-	-	-	-
All Grants		-	-	-	-	-	-	-	-	-
Other Grant Providers:		-	-	-	-	-	-	-	-	-
Transfer from Operational Revenue		-	-	-	-	-	-	-	-	-
Total capital expenditure of Transfers and Grants		16 905	14 905	18 298	14 567	19 067	19 067	15 691	11 035	11 529
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS		38 419	39 230	44 255	41 895	46 966	46 966	45 806	42 101	44 585

Tariff-setting is a strategic part of the compilation of any budget. When rates, tariffs and other charges were revised, local economic conditions, input costs and the affordability of services were taken into account to ensure the financial sustainability of the municipality.

National Treasury continues to encourage municipalities to keep increases in rates, tariffs and other charges as low as possible. Excessive increases are likely to be counterproductive, resulting in higher levels of non- payment.

1.4.1 Property Rates

Property rates cover the cost of the provision of general services. Determining the effective property rate tariff is therefore an integral part of the municipality's budgeting process. Therefore Property Rates is predominantly the most crucial income for the municipality and form great part in the collection rate of any municipality.

1.4.2 Sale of Water and Impact of Tariff Increases

We face significant challenges with water supply, since demand growth outstrips supply. Consequently, National Treasury is encouraging all municipalities to carefully review the level and structure of their water tariffs to ensure:

- Water tariffs are not fully cost-reflective-including the cost of maintenance and renewal of purification plants, water networks and cost associated with reticulation expansion;
- Water tariffs are currently not structured to protect basic levels of service and ensure the provision of free water to the poorest of the poor (indigent); and
- Water tariff are designed to encourage efficient and sustainable consumption.

In addition National Treasury has urged all municipalities to ensure that water tariff structures are cost reflective by 2018. Better maintenance of infrastructure and cost-reflective tariffs will ensure that the supply challenges are managed in the future to ensure sustainability. A tariff increase of 6.7% from 1 July 2019 for water is proposed. This is based on CPI Circular 94. In addition 6kl water per 30-day period will again be granted free of charge to all residents.

A summary of the proposed tariffs for households (residential) and non-residential are as follows:

Table 5 Proposed Water Tariffs

	CURRENT TARIFFS 2018/19	PROPOSED TARIFFS 2019/20
RESIDENTIAL	Rand per	KL
1-6kl per month (Subsidy)	4.31	5
7-15kl per month	7.18	8
16-40kl per month	8.62	8
41-80kl per month	8.62	10
81- 100kl per month	8.62	10
101 – 150kl per month	24.41	28
151-200kl per month	30.16	35
201kl and above	10.05	12
NON-RESIDENTIAL		
Schools and hostels	10.05	12
Abattoir	10.05	12
Raw water	0.3	0.32

ACTION PLAN

!Kheis Local Municipality scored an overall of 54% in its Blue Drop status during the year of 2014.

We have embarked on the following action plans to improve our blue drop status:

- Training of all our water operators
- Acquiring all the equipment to ensure we test our water quality on a more regular basis
- Do a risk assessment on all our water treatment plants
- Ensure that all the medical certificates are in place
- Certificates of adherence are compliant
- Request for reports on incidents that were admitted at the clinic
- Water conservation and water demand process are in place
- Adhere to all standards as set out in the regulations acts
- Water samples will be prioritised and done on a weekly basis to assess water more effectively.

We are currently doing research on our plants as we do not have built information at our disposal. We are prepared to accept any assistance from other stakeholders to improve on our scoring at Blue Drop for the coming years.

We are engaging with consultants and the different Departments to assist with as much information as they can to improve our Blue Drop status. The Municipality has the capacity to improve the scores from previous years to achieve the 90% mark and more. The actions to be taken should therefore be implemented and monitored on a regular time frame to achieve these results. The Department of Water Affairs is giving sufficient assistance to the Municipality and we commend their support.

WATER SAFETY PLAN FOR 2019/20 FINANCIAL YEAR

The Water Safety Plan (WSP) was compiled in 2012 and will be reviewed in April 2018 for the water supply area of !Kheis Local Municipality, ZF Mgcawu District Municipality, Northern Cape.

This document addresses the critical water quality management such as the water safety planning processes, full system assessments that include inspections of the catchment, water treatment works and the distribution system.

The plan also includes the evaluation of the risk informed water quality monitoring programmes, the data submission on the BDS and the water quality over past years.

SCORING / RATING SYSTEM	SCORE OBTAINED	STATUS
Site inspection	56%	Good
High Risk Identified	47%	Good
Microbiological water quality	58%	Bad
Overall impression on risk management	54	Fair

The overall impression score of 54% (for 2012) is average which indicates that only basic water management is being addressed within the current resources available and not risk based as required by the water safety planning process. The technical manager is in process of meeting DWA for results for 2017/18.

Raw water is extracted from the Orange River as well as from the canal in most of the areas within the municipality area and pump into the raw water dams. Most risks like the insufficient safety and security of the water treatment works, unqualified

process controllers and supervisors and no routine maintenance programmes were identified as major risks in this supply areas.

The areas that complete the !Kheis Municipal boundaries are Groblershoop, Boegoeberg, Opwag, Wegdraai, Topline, Grootdrink and Gariep.

WATER SAFETY PLANNING PROCESS

The purpose of the Water Safety Planning Process is to introduce a holistic approach to drinking water quality management and provide a systematic, transparent approach to the consistent provision of safe water with a clear focus on public health. The emphasis of the WSPP on water supply management and covers the entire water supply system with participation of all stakeholders.

The objectives of the Water Safety Planning Process are to consistently ensure the safety and acceptability of the drinking water system by:

- Identifying hazards and prioritizing risks in the drinking water system from catchment-to consumer
- Assessing the effectiveness of existing control measures for these risks
- Implementing improvement plans for high priority uncontrolled risks.

1.4.3 Sanitation and Impact of Tariff Increases

A tariff increase of 6.7 % for sanitation from 1 July 2019 is proposed. This is based on the input cost assumptions related to water. It should be noted that water costs contributes approximately 93 per cent of waste water treatment input costs. The following factors also contribute to the proposed tariff increase:

- Sanitation charges are calculated according to the percentage water discharged as indicated in the table below;
- Free sanitation (100 per cent of 6 kl water) will be applicable to registered indigents; and
- The total revenue expected to be generated from rendering this service amounts to R1.1 million for the 2019/20 financial year.

At the moment only a basic charge is levied per erven for sanitation services rendered by the municipality.

1.4.4 Waste Removal and Impact of Tariff Increases

A 6.7 % increase in the waste removal tariff is proposed from 1 July 2019.

The following table compares current and proposed amounts payable from 1 July 2019:

Table 6 Comparison between current waste removal fees and increases

Detail	Tariff 1 July	Tariff 1 July 2019
Sanitation		
Households (Subsidy)	98.55	119.43
Households	98.55	119.43
Business	123.19	149.29
Schools	123.95	149.29
Abattoir	24 103.60	29 209.23
Refuse removal		
Households (Subsidy)	135.52	164.22
Households	135.52	164.22
Business	298.75	362.04
Garden refuse	141.67	171.69
Building refuse	283.35	343.37

1.4.5 Overall impact of tariff increases on households

The following table shows the overall expected impact of the tariff increases on a large and small household, as well as an indigent household receiving free basic services.

Table 7 MBRR table SA14- Household bills

NC084 !Kheis - Supporting Table SA14 Household bills

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework			
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20 % incr.	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Rand/cent											
<u>Monthly Account for Household - 'Middle Income Range'</u>	1										
Rates and services charges:											
Property rates		153,87	163,10	172,88	157,02	157,02	157,02	6,7%	167,54	179,43	192,89
Electricity: Basic levy		—		—	—	—	—		—	—	—

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Electricity: Consumption	–		–	–	–	–	6,7%	–	–	–
Water: Basic levy	37,64	39,90	42,30	67,49	67,49	67,49	6,7%	72,01	77,12	82,91
Water: Consumption	100,40	106,42	112,81	68,93	68,93	68,93	6,7%	73,55	78,77	84,68
Sanitation	80,43	85,25	90,37	114,88	114,88	114,88	6,7%	122,58	131,28	141,12
Refuse removal	106,20	112,57	119,32	126,36	126,36	126,36	–	134,83	144,40	155,23
Other	–	–	–	–	–	–	–	–	–	–
sub-total	478,53	507,25	537,68	534,68	534,68	534,68	6,7%	570,50	611,01	656,83
VAT on Services	–	–	–	–	–	–	–	–	–	–
Total large household bill:	478,53	507,25	537,68	534,68	534,68	534,68	6,7%	570,50	611,01	656,83
% increase/-decrease		6,0%	6,0%	(0,6%)	–	–		6,7%	7,1%	7,5%
Monthly Account for Household - 'Affordable Range' Rates and services charges:	2									
Property rates	10,88	0,06	0,06	157,02	157,02	157,02	6,7%	167,54	179,43	192,89
Electricity: Basic levy	–	–	–	–	–	–	–	–	–	–
Electricity: Consumption	–	–	–	–	–	–	6,7%	–	–	–
Water: Basic levy	37,50	0,06	0,06	67,49	67,49	67,49	6,7%	72,01	77,12	82,91
Water: Consumption	97,70	0,06	0,06	99,08	99,08	99,08	6,7%	105,72	113,22	121,72
Sanitation	80,13	0,06	0,06	186,03	186,03	186,03	6,7%	198,49	212,58	228,52
Refuse removal	105,80	0,06	0,06	126,36	126,36	126,36	6,7%	134,83	144,40	155,23
Other	–	–	–	–	–	–	–	–	–	–
sub-total	332,02	0,30	0,32	635,97	635,97	635,97	6,7%	678,58	726,76	781,27
VAT on Services	–	–	–	–	–	–	–	–	–	–
Total small household bill:	332,02	0,30	0,32	635,97	635,97	635,97	6,7%	678,58	726,76	781,27
% increase/-decrease		(99,9%)	6,0%	199 891,9%	–	–		6,7%	7,1%	7,5%
			1,06	33 314,32	1,00	–				
Monthly Account for Household - 'Indigent' Household receiving free basic services Rates and services charges:	3									
Property rates	163,10	0,06	0,06	157,02	157,02	157,02	6,7%	167,54	179,43	192,89
Electricity: Basic levy			–	–	–	–	–	–	–	–
Electricity: Consumption			–	–	–	–	6,7%	–	–	–
Water: Basic levy	39,90	0,06	0,06	67,49	67,49	67,49	6,7%	72,01	77,12	82,91
Water: Consumption	106,42	0,06	0,06	68,93	68,93	68,93	6,7%	73,54	78,77	84,67
Sanitation	85,25	0,06	0,06	91,90	91,90	91,90	6,7%	98,06	105,02	112,90

Refuse removal		112,57	0,06	0,06	126,36	126,36	126,36	6,7%	134,83	144,40	155,23
Other		–	–	–	–	–	–	–	–	–	–
sub-total		507,25	0,30	0,32	511,70	511,70	511,70	6,7%	545,98	584,74	628,60
VAT on Services		–	–	–	–	–	–	–	–	–	–
Total small household bill:		507,25	0,30	0,32	511,70	511,70	511,70	6,7%	545,98	584,74	628,60
% increase/-decrease			(99,9%)	6,0%	160 810,7%	–	–		6,7%	7,1%	7,5%

1.5 Operating Expenditure Framework

The municipality's expenditure framework for the 2019/20 budget and MTREF is informed by the following:

The assets renewal strategy and repairs and maintenance plan;

- Balanced budget constraint (operating expenditure should not exceed operating revenue)
- Funding of the budget over medium-term as informed by Section 18 and 19 of the MFMA;
- The capital programme is aligned to the asset renewal strategy and backlog eradication plan;
- Operational gains and efficiencies will be directed to funding the capital budget and other core service; and
- Strict adherences to the principle of no project plan no budget. If there is no business plan no funding allocation can be made.

The following table is a high level summary of the 2019/20 budget and MTREF (classified per main type of operating expenditure)

Table 8 Summary of operating expenditure by standard classification item

NC084 !Kheis - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand	1										
<u>Expenditure By Type</u>	-										
Employee related costs	2	17 562	25 691	26 978	28 964	28 861	28 861	28 861	30 833	32 958	35 367

Remuneration of councillors		2 347	2 374	2 743	3 099	3 099	3 099	3 099	2 972	3 183	3 421
Debt impairment	3	5 535	4 630	8 861	–	5 884	5 884	5 884	6 278	6 723	7 228
Depreciation & asset impairment	2	7 634	7 927	9 321	4 532	4 532	4 532	4 532	4 835	5 178	5 567
Finance charges		967	1 700	653	–	50	50	50	120	129	138
Bulk purchases	2	889	901	1 200	1 350	1 350	1 350	1 350	1 441	1 543	1 659
Other materials	8	1 216	943	871	2 087	2 047	2 047	2 047	595	637	685
Contracted services		–	–	–	3 709	3 428	3 428	3 428	4 343	4 629	4 952
Transfers and subsidies		2 295	–	–	–	1 338	1 338	1 338	1 310	354	371
Other expenditure	4, 5	7 654	10 572	13 709	15 981	10 229	10 229	10 229	10 634	9 737	10 678
Loss on disposal of PPE		–	–	–	–	–	–	–	–	–	–
Total Expenditure		46 099	54 738	64 337	59 722	60 818	60 818	60 817	63 361	65 071	70 066

The budget allocation for **employee related costs** for the 2019/20 financial year totals R30.8 million, which equals 48% of the total operating expenditure. The employee related costs are in-line with the multi-year Salary and Wage collective Agreement for the period 1 July 2019 to 30 June 2021. The increase can be attributed to 7.5% percent for salary increases as there are no Salary and Wage agreement.

Provision for depreciation and asset impairment has been informed by the Municipality's Asset Management Policy. Depreciation is widely considered a proxy for the measurement of the rate of asset consumption. Budget appropriations in this regard total R4.8 million for the 2019/20 financial and equates to 7.8% of the total operating expenditure. Please note that the implementation of GRAP 17 accounting standard has bring a range of assets previously not included in the assets register onto the register. i.e Heritage assets, unbundling of infrastructure assets and componentisation of property plant and equipment.

Bulk purchases are directly informed by the purchase of water from Boegoeberg Water Users Association. The annual price increases have been factored into the budget appropriations and directly inform the revenue forecasts. Bulk purchases expenditures inherently include distribution losses. We are in process of calculating the water distribution losses.

Other expenditure comprises of various line items relating to the daily operations of the municipality. It comprises of amongst others the purchase of fuel, diesel, materials for maintenance, cleaning materials and chemicals. In line with the municipality's repairs and maintenance plan this group of expenditure has been prioritised to ensure sustainability of the municipality's infrastructure.

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[illegible]

Other transfers and grants		-	-	-	-	-	-	-	-	-	-
Transfers recognised - capital	4	16 103	14 257	15 594	4 567	14 567	14 567	14 567	15 691	11 035	11 529
Public contributions & donations	5	-	-	-	-	-	-	-	-	-	-
Borrowing	6	-	-	-	-	-	-	-	-	-	-
Internally generated funds		-	-	-	-	-	-	-	-	-	-
Total Capital Funding	7	16 103	14 257	15 594	14 567	14 567	14 567	14 567	15 691	11 035	11 529

For 2019/20 an amount of R15.6million has been appropriated for the development of infrastructure which represents 100% of the total capital budget. In the outer years this amount totals R11 million and R11.5 million respectively for each of the financial years.

Further detail relating to asset classes and proposed capital expenditure is contained in Table 23 MBRR A9 (Asset Management). In addition to the MBRR Table A9, MBRR Tables SA34a, b, c provides a detailed breakdown of the capital programme relating to new asset construction, capital asset renewal as well as operational repairs and maintenance by asset class. Some of the salient projects to be undertaken over the medium-term includes, amongst others:

- Sternham Sewer Reticulation, Pump Satation & Rising Main - R 9.1 million
- Grootdrink Sewer Reticulation, Pump Satation & Rising Main - R 1.1 million
- UDS Toilets - R 427 362
- Upgrading of bulk water supply – Brandboom - R 4.5 million
- Development (Library) - R 150 000
- New Structure Wegdraai - R 350 000

1.7 Final Annual Budget Tables (A1 – A10)

The following pages present the ten main budget tables as required in terms of section 8 of the Municipal budget and Reporting Regulations. These tables set out the municipality's 2019/20 budget and MTREF to be considered for approval by council. Each table is accompanied by explanatory notes.

Table 12 MBRR Table A1- Budget Summary

Description	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Financial Performance										
Property rates	3 876	4 998	4 528	4 368	4 368	4 368	4 368	7 541	8 076	8 982
Service charges	9 089	5 366	9 905	8 971	8 430	8 430	8 430	7 847	8 404	9 218

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Investment revenue	241	271	290	280	447	447	447	477	510	549
Transfers recognised - operational	20 514	26 577	30 263	27 328	27 899	27 899	27 899	30 115	31 066	33 056
Other own revenue	2 071	4 479	7 275	4 312	6 026	6 026	6 026	6 056	6 470	6 992
Total Revenue (excluding capital transfers and contributions)	35 791	41 691	52 260	45 259	47 169	47 169	47 169	52 035	54 526	58 796
Employee costs	17 562	25 691	26 978	28 964	28 861	28 861	28 861	30 833	32 958	35 367
Remuneration of councillors	2 347	2 374	2 743	3 099	3 099	3 099	3 099	2 972	3 183	3 421
Depreciation & asset impairment	7 634	7 927	9 321	4 532	4 532	4 532	4 532	4 835	5 178	5 567
Finance charges	967	1 700	653	–	50	50	50	120	129	138
Materials and bulk purchases	2 104	1 845	2 071	3 438	3 398	3 398	3 398	2 036	2 180	2 344
Transfers and grants	2 295	–	–	–	1 338	1 338	1 338	1 310	354	371
Other expenditure	13 189	15 202	22 570	19 690	19 541	19 541	19 540	21 255	21 089	22 858
Total Expenditure	46 099	54 738	64 337	59 722	60 818	60 818	60 817	63 361	65 071	70 066
Surplus/(Deficit)	(10 307)	(13 047)	(12 077)	(14 463)	(13 648)	(13 649)	(13 648)	(11 326)	(10 546)	(11 270)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	18 210	11 262	11 751	14 567	14 567	14 567	14 567	15 191	11 035	11 529
Contributions recognised - capital & contributed assets	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after capital transfers & contributions	7 903	(1 785)	(327)	104	919	918	919	3 865	489	259
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) for the year	7 903	(1 785)	(327)	104	919	918	919	3 865	489	259
Capital expenditure & funds sources										
Capital expenditure	16 103	14 257	15 594	14 567	14 567	14 567	14 567	15 691	11 035	11 529
Transfers recognised - capital	16 103	14 257	15 594	14 567	14 567	14 567	14 567	15 691	11 035	11 529
Public contributions & donations	–	–	–	–	–	–	–	–	–	–
Borrowing	–	–	–	–	–	–	–	–	–	–
Internally generated funds	–	–	–	–	–	–	–	–	–	–
Total sources of capital funds	16 103	14 257	15 594	14 567	14 567	14 567	14 567	15 691	11 035	11 529
Financial position										
Total current assets	14 066	16 115	16 556	27 829	27 829	27 829	27 829	48 421	51 227	55 278
Total non current assets	156 135	162 546	161 351	190 940	190 940	190 940	190 940	10 736	5 728	5 824
Total current liabilities	21 814	24 804	28 037	8 504	8 504	8 504	8 501	55 984	57 144	61 574
Total non current liabilities	1 382	8 521	6 737	3 761	3 761	3 761	3 761	–	–	–
Community wealth/Equity	–	–	–	–	–	–	–	–	–	–
Cash flows										
Net cash from (used) operating	16 084	10 625	6 976	(1 780)	(1 669)	(1 669)	(1 669)	4 793	1 484	1 086
Net cash from (used) investing	(16 103)	(14 257)	(1 004)	(13 717)	(13 717)	(13 717)	(13 717)	(14 251)	(9 492)	(9 871)
Net cash from (used) financing	–	2 942	(6 188)	–	–	–	–	–	–	–
Cash/cash equivalents at the year end	416	(275)	93	(15 404)	(30 790)	(46 176)	(46 176)	(9 458)	(17 466)	(26 251)

Cash backing/surplus reconciliation										
Cash and investments available	1 107	407	199	650	650	650	650	32 305	35 038	37 391
Application of cash and investments	(3 108)	(9 002)	(4 428)	(17 042)	(17 791)	(17 791)	(17 791)	47 401	48 529	52 054
Balance - surplus (shortfall)	4 215	9 409	4 627	17 692	18 441	18 441	18 441	(15 096)	(13 492)	(14 663)
Asset management										
Asset register summary (WDV)	156 135	162 546	161 351	176 638	176 638	176 638		188 823	201 854	216 993
Depreciation	(67 850)	(80 834)	(86 312)	(4 531)	(4 531)	(4 531)		4 835	5 178	5 567
Renewal of Existing Assets	-	-	-	14 567	14 567	14 567		427	453	480
Repairs and Maintenance	1 216	943	871	2 086	2 086	2 086		2 288	2 235	2 634
Free services										
Cost of Free Basic Services provided	-	-	-	1 952	1 952	1 952	1 952	5 078	5 439	5 847
Revenue cost of free services provided	-	-	2 384	631	631	631	631	674	722	776
Households below minimum service level										
Water:	-	1	1	-	-	-	-	-	-	-
Sanitation/sewerage:	-	-	-	-	0	0	0	0	0	0
Energy:	-	-	-	-	1	-	1	1	1	1
Refuse:	-	-	-	-	-	-	-	-	-	-

Explanatory notes to MBRR Table A1-Budget Summary

1. Table A1 is a budget summary and provides a concise overview of the municipality's budget from all of the major financial perspective (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).

2. The table provides an overview of the amounts to be considered for approval by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.

3. Financial management reforms emphasises the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:

- a. The operating surplus/deficit (after Total Expenditure) is positive over MTREF
- b. Capital expenditure is balanced by capital funding sources, of which
 - i. Transfers recognised is reflected on the Financial Performance Budget;
 - ii. Internally generated funds are financed from a combination of the current operating surplus. The amount is incorporated in the Net cash from investing on the Cash Flow Budget. The fact

that the municipality's cash flow remains positive, indicates that the necessary cash resources are available to fund the Capital Budget

4. The Cash backing/surplus reconciliation shows that in previous financial years the municipality was not paying much attention to managing this aspect of its finances, and consequently many of its obligations are not cash-backed. This place the municipality in a very vulnerable financial position, as the recent slow-down in revenue collections highlighted. Over the MTREF there is progressive improvement in the level of cash-backing of obligations.

5. Even though the Council is placing great emphasis on securing the financial sustainability of the municipality, this is not being done at the expense of service to the poor. The section of Free Service shows that the amount spent on Free Basic Service and the revenue cost of free services provided by the municipality continues to increase. In addition, the municipality continues to make progress in addressing service delivery backlogs.

Table 13 MBRR Table A2- Budgeted Financial Performance (revenue and expenditure by standard classification)

Functional Classification Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Revenue - Functional										
Governance and administration		39 492	44 936	45 949	42 464	43 802	43 802	53 549	56 866	60 794
Executive and council		–	14	–	–	–	–	–	–	–
Finance and administration		39 492	44 922	45 949	42 464	43 802	43 802	53 549	56 866	60 794
Internal audit		–	–	–	–	–	–	–	–	–
Community and public safety		1 000	1 442	172	4 349	4 920	4 920	884	884	951
Community and social services		1 000	1 442	172	4 349	4 920	4 920	884	884	951
Sport and recreation		–	–	–	–	–	–	–	–	–
Economic and environmental services		–	57	1 890	–	–	–	945	1 012	1 088
Planning and development		–	–	1 890	–	–	–	–	–	–
Road transport		–	57	–	–	–	–	945	1 012	1 088
Environmental protection		–	–	–	–	–	–	–	–	–
Trading services		13 509	6 519	15 999	13 014	13 015	13 015	11 849	6 799	7 493
Energy sources		–	–	–	–	–	–	–	–	–
Water management		8 723	3 473	10 750	8 301	8 301	8 301	8 036	3 787	4 254
Waste water management		2 061	1 617	2 344	1 823	1 823	1 823	1 055	1 130	1 215
Waste management		2 724	1 429	2 905	2 891	2 891	2 891	2 758	1 882	2 024
Other	4	–	–	–	–	–	–	–	–	–
Total Revenue - Functional	2	54 002	52 953	64 010	59 826	61 737	61 737	67 226	65 561	70 325
Expenditure - Functional										
Governance and administration		25 607	30 617	35 340	31 603	33 125	33 125	39 011	40 244	43 158
Executive and council		4 232	6 867	5 812	8 054	7 961	7 961	7 624	8 132	8 730

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Finance and administration		21 375	23 751	29 528	23 549	25 165	25 165	31 388	32 112	34 428
Internal audit		–	–	–	–	–	–	–	–	–
Community and public safety		4 675	7 142	8 054	5 978	5 222	5 222	1 679	1 840	1 965
Community and social services		4 675	7 142	8 054	5 978	5 222	5 222	1 560	1 670	1 796
Sport and recreation		–	–	–	–	–	–	120	170	170
Public safety		–	–	–	–	–	–	–	–	–
Housing		–	–	–	–	–	–	–	–	–
Health		–	–	–	–	–	–	–	–	–
Economic and environmental services		2 347	3 967	3 067	1 992	1 985	1 985	2 638	2 818	3 029
Planning and development		–	–	3 067	1 992	1 985	1 985	1 713	1 827	1 964
Road transport		2 347	3 967	–	–	–	–	925	991	1 065
Environmental protection		–	–	–	–	–	–	–	–	–
Trading services		13 470	13 012	17 876	20 149	20 488	20 488	20 033	20 169	21 913
Energy sources		–	–	–	–	–	–	1 949	2 088	2 244
Water management		7 666	9 893	5 000	9 612	9 951	9 951	9 961	9 597	10 317
Waste water management		5 804	3 119	2 272	5 662	5 662	5 662	4 414	4 727	5 081
Waste management		–	–	10 605	4 874	4 874	4 874	3 709	3 758	4 271
Other	4	–	–	–	–	–	–	–	–	–
Total Expenditure - Functional	3	46 099	54 738	64 337	59 722	60 820	60 820	63 361	65 071	70 066
Surplus/(Deficit) for the year		7 903	(1 785)	(327)	104	918	917	3 865	489	259

Explanatory notes to MBRR A2- Budget Financial Performance (revenue and expenditure by standard by standard classification)

1. Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into 15 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms of each of these functional areas which enables the National Treasury to compile 'whole of government' reports.

2. Note the Total Revenue on this table includes capital revenues (Transfers recognised-capital) and so does not balance to the operating revenue on Table A4.

3. Note that as a general principle the revenues for the Trading Services should exceed their expenditures.

The table highlights that this is the case for Electricity, Water and Waste water functions, but not the Waste management function. As already noted above, the municipality will be undertaking a detailed study of this function to explore ways of improving efficiencies and provide a basis for re-evaluating the function's structure.

4. Other functions that show a deficit between revenue and expenditure are being financed from rates revenues and other revenue sources reflected under the Corporate Services.

Table 14 MBRR Table A3- Budget Financial Performance (revenue and expenditure by municipal vote)

Vote Description R thousand	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Revenue by Vote	1									
Vote 1 - MUNICIPAL MANAGER		–	14	–	–	–	–	–	–	–
Vote 2 - CORPORATE SERVICE		–	–	–	–	–	–	–	–	–
Vote 3 - FINANCIAL MANAGEMENT SERVICES		39 492	44 922	45 949	42 464	43 802	43 802	61 843	64 678	69 375
Vote 4 - COMMUNITY SERVICES		1 000	1 498	2 062	4 349	4 920	4 920	883	883	950
Vote 5 - TECHNICAL SERVICES		13 509	6 519	15 999	13 014	13 015	13 015	4 500	–	–
Vote 6 - EXECUTIVE AND COUNCIL		–	–	–	–	–	–	–	–	–
Vote 7 - STRATEGIC PLANNING		–	–	–	–	–	–	–	–	–
Total Revenue by Vote	2	54 002	52 953	64 010	59 826	61 737	61 737	67 226	65 561	70 325
Expenditure by Vote to be appropriated	1									
Vote 1 - MUNICIPAL MANAGER		–	–	–	3 344	3 476	3 476	2 964	3 174	3 412
Vote 2 - CORPORATE SERVICE		–	–	6 016	4 690	5 363	5 363	6 163	6 600	7 095
Vote 3 - FINANCIAL MANAGEMENT SERVICES		21 375	23 751	23 512	18 860	19 800	19 800	20 608	20 649	22 191
Vote 4 - COMMUNITY SERVICES		7 022	11 109	11 121	5 978	5 222	5 222	5 428	5 774	6 109
Vote 5 - TECHNICAL SERVICES		13 470	13 012	17 876	20 149	20 487	20 487	21 821	22 084	23 971
Vote 6 - EXECUTIVE AND COUNCIL		4 232	6 867	5 812	4 710	4 485	4 485	4 665	4 963	5 323
Vote 7 - STRATEGIC PLANNING		–	–	–	1 992	1 985	1 985	1 713	1 827	1 964
Total Expenditure by Vote	2	46 099	54 738	64 337	59 722	60 819	60 819	63 361	65 071	70 066
Surplus/(Deficit) for the year	2	7 903	(1 785)	(327)	104	919	918	3 865	489	259

Explanatory notes to MBRR Table A3- Budgeted Financial Performance (revenue and expenditure by municipal vote)

1. Table A3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organisational structure of the municipality.

Table 15 MBRR A4- Budgeted Financial Performance (revenue and expenditure)

NC084 !Kheis - Table A4 Budgeted Financial Performance (revenue and expenditure)

[illegible]

Transfers and subsidies - capital (in-kind - all)		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		7 903	(1 785)	(327)	104	919	918	919	3 865	489	259
Taxation		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after taxation		7 903	(1 785)	(327)	104	919	918	919	3 865	489	259
Attributable to minorities		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) attributable to municipality		7 903	(1 785)	(327)	104	919	918	919	3 865	489	259
Share of surplus/ (deficit) of associate	7	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year		7 903	(1 785)	(327)	104	919	918	919	3 865	489	259

Explanatory notes to Table A4 – Budgeted Financial Performance (revenue and expenditure)

1. Total operating revenue is R52 million in 2018/19 and escalates to R54.5 million by 2019/20. This represents a year-on-year increase of 6.7% for the 2019/20 financial year.

2. Revenue to be generated from property rates was R4.4 million in the 2018/19 financial year and increases to R7.5 million by 2019/20 which represents 57.0% of the own operating revenue base off the municipality and therefore remains a significant funding source for the municipality. The increase can be attributed to the reconciliation of the valuation roll with the SAMRAS billing system. During that process, various stands were found to be not on the financial system

3. Services charges relating to water, sanitation and refuse, together constitutes the biggest component of the revenue basket of the municipality totalling R7.8 million for the 2019/20 financial year and increasing to R8.4 million by 2020/21. For the 2019/20 financial year services charges amount to 20.8% of the total revenue base and grows by 6.7% per annum over the medium-term. This growth can mainly be attributed to the increase in the bulk prices of water.

Transfers recognised- operating includes the local government equitable share and other operating grants from national and provincial government.

5. Bulk purchases inconsistencies have been mainly caused by water distribution losses, hence the need to priorities on repairs and maintenance of infrastructure. We are in process of determining the actual distribution losses.

6. Employee related costs, Debt impairment, Depreciation and bulk purchases are main cost drivers within the municipality and alternative operational gains and efficiencies will have to be identified to lessen the impact of wage and bulk tariff increases in future years.

Table 16 MBRR Table A5 Budgeted Capital Expenditure by vote, standard classification and funding source

[illegible]

Economic and environmental services		–	3959	–	3577	3577	3577	3577	–	–	–
Planning and development		–	–	–	–	–	–	–	–	–	–
Road transport		–	3959	–	3577	3577	3577	3577	–	–	–
Environmental protection		–	–	–	–	–	–	–	–	–	–
Trading services		15783	10298	15594	10990	10990	10990	10990	15191	11035	11529
Energy sources		–	–	–	–	–	–	–	–	–	–
Water management		–	–	–	4000	4000	4000	4000	4500	–	–
Waste water management		1783	10298	15594	6990	6990	6990	6990	427	453	480
Waste management		–	–	–	–	–	–	–	10264	10582	11049
Other		–	–	–	–	–	–	–	–	–	–
Total Capital Expenditure - Functional	3	16103	14257	15594	14567	14567	14567	14567	15691	11035	11529
Funded by:											
National Government		16103	14257	15594	14567	14567	14567	14567	15191	11035	11529
Provincial Government		–	–	–	–	–	–	–	500	–	–
District Municipality		–	–	–	–	–	–	–	–	–	–
Other transfers and grants		–	–	–	–	–	–	–	–	–	–
Transfers recognised - capital	4	16103	14257	15594	14567	14567	14567	14567	15691	11035	11529
Public contributions & donations	5	–	–	–	–	–	–	–	–	–	–
Borrowing	6	–	–	–	–	–	–	–	–	–	–
Internally generated funds		–	–	–	–	–	–	–	–	–	–
Total Capital Funding	7	16103	14257	15594	14567	14567	14567	14567	15691	11035	11529

Explanatory notes to Table A5- Budgeted Capital Expenditure by vote, standard classification and funding sources

1. Table A5 is a breakdown of the capital programme in relation to capital expenditure by municipal vote (multi- year and single-year appropriations); capital expenditure by standard classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.

2. Unlike multi-year capital appropriations, single-year appropriations relates to expenditure that will be incurred in the specific budget year such as the procurement of vehicles and specialised tools and equipment. The budget appropriations for the two outer years are indicative allocations based on the departmental business plans as informed by the IDP and will be reviewed on an annual basis to assess the relevance of the expenditure in relation to the strategic objectives and service delivery imperatives of the municipality. For purpose of funding assessment of the

3. The capital programme is funded from national grants and transfers, public contributions and donations, and internally generated funds from current year surpluses. For 2019/20, capital transfers totals R15.6 million. No borrowing is intended to finance any of the capital budgets during the MTREF. These funding sources are further discussed in detail in 2.6 (Overview of Budget Funding)

Table 17 MBRR Table A6- Budgeted Financial Position[illegible]

Bank overFinal	1	–	–	–	–	–	–	–	–	–	–
Borrowing	4	–	1988	875	–	–	–	–	–	–	–
Consumer deposits		78	90	90	–	–	–	–	–	–	–
Trade and other payables	4	18 000	22 713	27 059	8 504	8 504	8 504	8 504	55 980	57 139	61 569
Provisions		3 736	12	12	–	–	–	(3)	4	4	5
Total current liabilities		21 814	24 804	28 037	8 504	8 504	8 504	8 501	55 984	57 144	61 574
Non current liabilities											
Borrowing		–	4 324	2 378	–	–	–	–	–	–	–
Provisions		1 382	4 197	4 359	3 761	3 761	3 761	3 761	–	–	–
Total non current liabilities		1 382	8 521	6 737	3 761	3 761	3 761	3 761	–	–	–
TOTAL LIABILITIES		23 196	33 325	34 773	12 265	12 265	12 265	12 262	55 984	57 144	61 574
NET ASSETS	5	147 006	145 336	143 134	206 504	206 504	206 504	206 507	3 173	(188)	(471)
COMMUNITY WEALTH/EQUITY											
Accumulated Surplus/(Deficit)		–	–	–	–	–	–	–	–	–	–
Reserves	4	–	–	–	–	–	–	–	–	–	–
TOTAL COMMUNITY WEALTH/EQUITY	5	–	–	–	–	–	–	–	–	–	–

Explanatory notes to Table A6- Budgeted Financial Position

- Table A6 is consistent with international standards of good financial management practice, and improves understand-ability for councillor and management of the impact of the budget on the statement of financial position (balance sheet).
- This format of presenting the statement of financial position is aligned to GRAP1. The order of items within each group illustrates items in order of liquidity; i.e. assets readily converted to cash, or liabilities immediately required to be met from cash, appear first.
- Table 47 is supported by an extensive table of notes (SA3) providing a detailed analysis of the major components of a number of items, including:
 - Call investments deposits
 - Consumer debtors
 - Property, plant and equipment
 - Trade and other payables
 - Provisions non-current
 - Changes in net assets; and
 - Reserves

- ### Table 18 MBRR Table A7- Budgeted Cash Flow Statement

[illegible]

Decrease (increase) other non-current receivables		-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments		-	-	-	-	-	-	-	-	-	-
Payments											
Capital assets		(16 103)	(14 257)	(1 004)	(14 567)	(15 067)	(15 067)	(15 067)	(15 691)	(11 035)	(11 529)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(16 103)	(14 257)	(1 004)	((13 717)	(13 717)	(13 717)	(13 717)	(14 251)	((9 492)	(9 871)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans		-	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing		-	-	-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits		-	-	-	-	-	-	-	-	-	-
Payments											
Repayment of borrowing		-	2 942	(6 188)	-	-	-	-	-	-	-
NET CASH FROM/(USED) FINANCING ACTIVITIES		-	2 942	(6 188)	-	-	-	-	-	-	-
NET INCREASE/(DECREASE) IN CASH HELD		(20)	(691)	(216)	(15 497)	(15 386)	(15 386)	(15 386)	(12 081)	(8 160)	(8 948)
Cash/cash equivalents at the year begin:	2	435	416	309	93	(15 404)	(30 790)	(30 790)	-	(12 081)	(20 241)
Cash/cash equivalents at the year end:	2	416	(275)	93	(15 404)	(30 790)	(46 176)	(46 176)	(12 081)	(20 241)	(29 189)

Explanatory notes to Table A7- Budget Cash Flow Statement

1. The budgeted cash flow statement is the first measurement in determining if the budget is funded.
2. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.
3. The 2019/2020 MTREF has been informed by the planning principle of ensuring adequate cash reserves over the medium-term.

Table 19 MBRR Table A8 – Cash Backed Reserves/Accumulated Surplus Reconciliation

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand											
<u>Cash and investments available</u>											
Cash/cash equivalents at the year end	1	416	(275)	93	(15 404)	(30 790)	(46 176)	(46 176)	(12 081)	(20 241)	(29 189)
Other current investments > 90 days		691	682	106	16 054	31 440	46 826	46 826	44 386	55 279	66 581
Non current assets - Investments	1	–	–	–	–	–	–	–	–	–	–
Cash and investments available:		1 107	407	199	650	650	650	650	32 305	35 038	37 391
<u>Application of cash and investments</u>											
Unspent conditional transfers		–	–	–	–	–	–	–	–	–	–
Unspent borrowing		–	–	–	–	–	–	–	–	–	–
Statutory requirements	2	–	–	–	–	–	–	–	–	–	–
Other working capital requirements	3	(3 108)	(9 002)	(4 428)	(17 042)	(17 791)	(17 791)	(17 791)	49 369	48 643	52 178
Other provisions		–	–	–	–	–	–	–	–	–	–
Long term investments committed	4	–	–	–	–	–	–	–	–	–	–
Reserves to be backed by cash/investments	5	–	–	–	–	–	–	–	–	–	–
Total Application of cash and investments:		(3 108)	(9 002)	(4 428)	(17 042)	(17 791)	(17 791)	(17 791)	49 369	48 643	52 178
Surplus(shortfall)		4 215	9 409	4 627	17 692	18 441	18 441	18 441	(17 064)	(13 606)	(14 787)

Explanatory notes to Table A8 – Cash Backed Reserves/Accumulated Surplus Reconciliation

1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.
2. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.
3. The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality's budget must be "funded".

Table 20 MBRR Table A9 – Asset Management

[illegible]

<i>Electrical Infrastructure</i>		1 313	–	–	–	–	–	–	–	–
<i>Water Supply Infrastructure</i>		4 420	10 298	15 594	4 000	4 000	4 000	4 500	–	–
<i>Sanitation Infrastructure</i>		10 050	–	–	6 990	6 990	6 990	10 691	11 035	11 529
<i>Solid Waste Infrastructure</i>		–	–	–	–	–	–	–	–	–
<i>Rail Infrastructure</i>		–	–	–	–	–	–	–	–	–
<i>Coastal Infrastructure</i>		–	–	–	–	–	–	–	–	–
<i>Information and Communication Infrastructure</i>		–	–	–	–	–	–	–	–	–
Infrastructure		15 783	14 257	15 594	14 567	14 567	14 567	15 191	11 035	11 529
Community Facilities		321	–	–	–	–	–	500	–	–
Sport and Recreation Facilities		–	–	–	–	–	–	–	–	–
Community Assets		321	–	–	–	–	–	500	–	–
Heritage Assets		–	–	–	–	–	–	–	–	–
Revenue Generating		–	–	–	–	–	–	–	–	–
Non-revenue Generating		–	–	–	–	–	–	–	–	–
Investment properties		–	–	–	–	–	–	–	–	–
Operational Buildings		–	–	–	–	–	–	–	–	–
Housing		–	–	–	–	–	–	–	–	–
Other Assets		–	–	–	–	–	–	–	–	–
Biological or Cultivated Assets		–	–	–	–	–	–	–	–	–
Servitudes		–	–	–	–	–	–	–	–	–
Licences and Rights		–	–	–	–	–	–	–	–	–
Intangible Assets		–	–	–	–	–	–	–	–	–
Computer Equipment		–	–	–	–	–	–	–	–	–
Furniture and Office Equipment		–	–	–	–	–	–	–	–	–
Machinery and Equipment		–	–	–	–	–	–	–	–	–
Transport Assets		–	–	–	–	–	–	–	–	–
Land		–	–	–	–	–	–	–	–	–
Zoo's, Marine and Non-biological Animals		–	–	–	–	–	–	–	–	–
TOTAL CAPITAL EXPENDITURE - Asset class		16 103	14 257	15 594	14 567	14 567	14 567	15 691	11 035	11 529
ASSET REGISTER SUMMARY - PPE (WDV)	5	156 135	162 546	161 351	176 638	176 638	176 638	188 823	201 854	216 993
<i>Roads Infrastructure</i>		22 905	30 287	26 328	36 739	36 739	36 739	39 201	41 984	45 133
<i>Storm water Infrastructure</i>		–	–	–	–	–	–	–	–	–
<i>Electrical Infrastructure</i>		3 235	4 306	1 679	3 800	3 800	3 800	4 055	4 342	4 668
<i>Water Supply Infrastructure</i>		17 233	12 885	27 348	33 748	33 748	33 748	36 009	38 566	41 458

<i>Sanitation Infrastructure</i>		28 099	30 806	17 380	17 130	17 130	17 130	18 278	19 575	21 044
<i>Solid Waste Infrastructure</i>		3 497	6 017	21 415	–	–	–	–	–	–
<i>Rail Infrastructure</i>		–	–	–	–	–	–	–	–	–
<i>Coastal Infrastructure</i>		–	–	–	–	–	–	–	–	–
<i>Information and Communication Infrastructure</i>		–	–	–	–	–	–	–	–	–
Infrastructure		74 969	84 301	94 150	91 417	91 417	91 417	97 542	104 47	112 32
Community Assets		6 284	5 637	6 488	–	–	–	350	–	–
Heritage Assets		–	–	–	–	–	–	–	–	–
Investment properties		–	–	–	–	–	–	–	–	–
Other Assets		74 882	72 608	60 713	85 221	85 221	85 221	90 931	97 387	104 61
Biological or Cultivated Assets		–	–	–	–	–	–	–	–	–
Intangible Assets		–	–	–	–	–	–	–	–	–
Computer Equipment		–	–	–	–	–	–	–	–	–
Furniture and Office Equipment		–	–	–	–	–	–	–	–	–
Machinery and Equipment		–	–	–	–	–	–	–	–	–
Transport Assets		–	–	–	–	–	–	–	–	–
Land		–	–	–	–	–	–	–	–	–
Zoo's, Marine and Non-biological Animals		–	–	–	–	–	–	–	–	–
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	5	156 135	162 546	161 351	176 68	176 638	176 638	188 83	20184	21693
EXPENDITURE OTHER ITEMS										
Depreciation	7	(6850)	(80834)	(86312)	(4 531)	(4531)	(4 531)	4 835	5 178	5 567
Repairs and Maintenance by Asset Class	3	1216	943	871	2 086	2086	2086	2 288	2 235	2 634
<i>Roads Infrastructure</i>		–	–	–	34	34	34	36	39	42
<i>Storm water Infrastructure</i>		–	–	–	–	–	–	–	–	–
<i>Electrical Infrastructure</i>		–	–	–	–	–	–	–	–	–
<i>Water Supply Infrastructure</i>		–	–	871	48	48	48	128	137	147
<i>Sanitation Infrastructure</i>		–	–	–	304	304	304	325	348	374
<i>Solid Waste Infrastructure</i>		–	–	–	–	–	–	–	–	–
<i>Rail Infrastructure</i>		–	–	–	–	–	–	–	–	–
<i>Coastal Infrastructure</i>		–	–	–	–	–	–	–	–	–
<i>Information and Communication Infrastructure</i>		–	–	–	–	–	–	–	–	–
Infrastructure		–	–	871	386	386	386	489	523	563
Community Facilities		–	–	–	538	538	538	11	11	12
Sport and Recreation Facilities		–	–	–	–	–	–	–	–	–
Community Assets		–	–	–	538	538	538	11	11	12

Heritage Assets	-	-	-	-	-	-	-	-	-
Revenue Generating	-	-	-	-	-	-	-	-	-
Non-revenue Generating	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-
Operational Buildings	1 216	943	-	1 162	1 162	1 162	245	263	282
Housing	-	-	-	-	-	-	-	-	-
Other Assets	1 216	943	-	1 162	1 162	1 162	245	263	282
Biological or Cultivated Assets	-	-	-	-	-	-	-	-	-
Servitudes	-	-	-	-	-	-	-	-	-
Licences and Rights	-	-	-	-	-	-	-	-	-
Intangible Assets	-	-	-	-	-	-	-	-	-
Computer Equipment	-	-	-	-	-	-	17	18	20
Furniture and Office Equipment	-	-	-	-	-	-	128	137	147
Machinery and Equipment	-	-	-	-	-	-	920	770	1 059
Transport Assets	-	-	-	-	-	-	478	512	551
Libraries	-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals	-	-	-	-	-	-	-	-	-
TOTAL EXPENDITURE OTHER ITEMS	(66634)	(79891)	(85440)	(2 445)	(2445)	(2 445)	7 123	7 413	8 201

Explanatory notes to Table A9 – Asset Management

1. Table A9 provides an overview of municipal capital allocations to building new assets and the renewal of existing assets, as well as spending on repairs and maintenance by asset class.

Table 21 MBRR Table A10 – Basic Service Delivery Measurement

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Household service targets	1									
<u>Water:</u>										
Piped water inside dwelling		1178	1323	2684	2 853	2 853	2 853	3 044	3 248	3 466
Piped water inside yard (but not in dwelling)		2372	2665	–	–	–	–	–	–	–
Using public tap (at least min.service level)	2	731	822	342	364	364	364	388	414	442
Other water supply (at least min.service level)	4	–	–	1288	1 369	1 369	1 369	1 461	1 559	1 663
<i>Minimum Service Level and Above sub-total</i>		4 281	4 810	4 314	4 586	4 586	4 586	4 893	5 221	5 571
Using public tap (< min.service level)	3	–	265	298	–	–	–	–	–	–
Other water supply (< min.service level)	4	–	636	715	–	–	–	–	–	–
No water supply		–	–	–	–	–	–	–	–	–
<i>Below Minimum Service Level sub-total</i>		–	901	1013	–	–	–	–	–	–
Total number of households	5	4281	5711	5327	4 586	4 586	4 586	4 893	5 221	5 571
<u>Sanitation/sewerage:</u>										
Flush toilet (connected to sewerage)		1 391	1 563	380	404	404	404	431	460	491
Flush toilet (with septic tank)		744	836	2 304	2 449	2 449	2 449	2 613	2 788	2 975
Chemical toilet		745	837	–	–	–	–	–	–	–
Pit toilet (ventilated)		1 111	1 248	–	–	–	–	–	–	–
Other toilet provisions (> min.service level)		173	194	–	–	–	–	–	–	–
<i>Minimum Service Level and Above sub-total</i>		4164	4678	2684	2 853	2 853	2 853	3 044	3 248	3 466
Bucket toilet		–	–	–	–	–	–	–	–	–
Other toilet provisions (< min.service level)		–	–	–	–	–	–	–	–	–
No toilet provisions		–	–	–	–	160	170	181	194	207
<i>Below Minimum Service Level sub-total</i>		–	–	–	–	160	170	181	194	207
Total number of households	5	4164	4678	2684	2 853	3 013	3 023	3 226	3 442	3 672
<u>Energy:</u>										
Electricity (at least min.service level)		2520	2671	2198	–	–	2 336	2 493	2 660	2 838
Electricity - prepaid (min.service level)		–	–	–	–	–	–	–	–	–
<i>Minimum Service Level and Above sub-total</i>		2520	2671	2198	–	–	2 336	2 493	2 660	2 838
Electricity (< min.service level)		–	–	–	–	–	–	–	–	–
Electricity - prepaid (< min. service level)		–	–	–	–	–	–	–	–	–
Other energy sources		–	–	–	–	500	–	532	567	605
<i>Below Minimum Service Level sub-total</i>		–	–	–	–	500	–	532	567	605
Total number of households	5	2520	2671	2198	–	500	2 336	3 025	3 227	3 443

<u>Refuse:</u>										
Removed at least once a week		-	-	-	-	3 972	4 222	4 222	4 505	4 807
<i>Minimum Service Level and Above</i>		-	-	-	-	3 972	4 222	4 222	4 505	4 807
<i>sub-total</i>		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-
Total number of households	5	-	-	-	-	3 972	4 222	4 222	4 505	4 807
<u>Households receiving Free Basic Service</u>	7									
Water (6 kilolitres per household per month)		-	-	-	-	-	1004 541	1319 376	413 052	519 031
Sanitation (free minimum level service)		-	-	-	-	-	516 621	1299 078	1391 312	1495 661
Electricity/other energy (50kwh per household per month)		-	-	-	-	-	-	673 732	721 566	775 684
Refuse (removed at least once a week)		-	-	-	-	-	430 518	1786 232	913 055	2056 534
<u>Cost of Free Basic Services provided - Formal Settlements (R'000)</u>	8									
Water (6 kilolitres per indigent household per month)		-	-	-	1 005	1 005	1 005	1 319	1 413	1 519
Sanitation (free sanitation service to indigent households)		-	-	-	517	517	517	1 299	1 391	1 496
Electricity/other energy (50kwh per indigent household per month)		-	-	-	-	-	-	674	722	776
Refuse (removed once a week for indigent households)		-	-	-	431	431	431	1 786	1 913	2 057
<u>Cost of Free Basic Services provided - Informal Formal Settlements (R'000)</u>		-	-	-	-	-	-	-	-	-
Total cost of FBS provided -		-	-	-	1 952	1 952	1 952	5 078	5 439	5 847
<u>Highest level of free service provided per household</u>										
Property rates (R value threshold)		-	-	-	-	-	-	-	-	-
Water (kilolitres per household per month)		-	-	-	-	-	-	-	-	-
Sanitation (kilolitres per household per month)		-	-	-	-	-	-	-	-	-
Sanitation (Rand per household per month)		-	-	-	-	-	-	-	-	-
Electricity (kwh per household per month)		-	-	-	-	-	-	-	-	-
Refuse (average litres per week)		-	-	-	-	-	-	-	-	-
<u>Revenue cost of subsidised services provided (R'000)</u>	9									
Property rates (tariff adjustment) (impermissible values per section 17 of MPRA)		-	-	-	-	-	-	-	-	-
Property rates exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA)		-	-	-	631	631	631	674	722	776
Municipal Housing - rental rebates		-	-	2384	-	-	-	-	-	-
Housing - top structure subsidies		-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
Total revenue cost of subsidised services provided	6	-	-	2384	631	631	631	674	722	776

Explanatory notes to Table A10 – Basic Services Delivery Measurement

1. Table A10 provides an overview of service delivery levels, including backlogs (below minimum service level), for each of the main services.
2. The budget provides for more households to be registered as indigent in 2019/20, and therefore entitled to receiving Free Basic Services.
3. It is anticipated that these Free Basic Services will cost the municipality R 2.08 million in 2019/20, increasing to R2.23 million in 2020/21. This is covered by the municipality's equitable share allocation from national government.

Part 2 – SUPPORTING DOCUMENTATION

2.1 Overview of the annual budget process

In terms of Section 30 of the Municipal Systems Act no 32 of 2000, the *Mayor of a municipality must in accordance with S 29 –*

“(c) Submit the Final plan to the municipal council for adoption by the council, further

Section 53 of the MFMA requires the Mayor of the municipality to provide general political guidance in the budget process and the setting of priorities that must guide the preparation of the budget. In addition Chapter 2 of the Municipal Budget and Reporting Regulations states that the Mayor of the municipality must establish a Budget Steering Committee to provide technical assistance to the Mayor in discharging the responsibilities set out in section 53 of the Act.

The Budget Steering Committee consists of the Municipal Manager and senior officials of the municipality chaired by the Municipal Manager.

The primary aims of the Budget Steering Committee are to ensure:

- That the process followed to compile the budget complies with legislation and good budget practices;
- That there is proper alignment between the policy and service delivery priorities set out in the municipality's IDP and the budget, taking into account the need to protect the financial sustainability of municipality;
- That the municipality's revenue and tariff setting strategies ensure that the cash resources needed to deliver services are available; and
- That the various spending priorities of the different municipal departments are properly evaluated and prioritised in the allocation of resources.

2.1.1 Budget Process Overview

In terms of section 21 of the MFMA the Mayor is required to table in Council ten months before the start of the new financial year (i.e. in August 2012) a time schedule that sets out the process to revise the IDP and prepare the budget.

Section 28 (1) of the Municipal Systems Act requires each municipality to adopt a process in writing to guide the planning, Finaling, adoption and review of its Integrated Development Plan.

The Mayor tabled in Council the required the IDP and budget time schedule on 30 August 2013. Key dates applicable to the process were:

2019/20 IDP AND BUDGET PROCESS TIME SCHEDULES

Item No	Period	Activity	Co – Co-ordinating Department	Responsibility	Legislative Requirement and Information	Target date	Progress against target & Comments
1	Jun 2018	Assess the 2018/19 IDP & Budget process to address deficiencies, improvements and ensure integration and alignment of processes for 2018/19 - 2020/2021	IDP Office	IDP Manager & Chief Financial Officer	Internal Process	29 June 2018	Done, confirmed with Provincial Treasury
2	July 2018	Final 2019/20 <i>IDP and Budget process time schedule</i> outlining the steps and timeframes for compilation of the 2017/22 IDP, 2018/2019 Budget and two outer year's Budget and SDBIP	IDP Office	IDP Manager & Chief Financial Officer	MFMA S21(1)(b)	17 July 2018	Done
3		Municipal Strategic Session to deliberate on (a) the 20/ 30 year Spatial Development Plan (SDP) and (b) high level strategic issues to redefine Council's short term Strategic Agenda to implement SDP.	Office of the MM	Municipal Manager Directors Executive Mayor EXCO Members	Internal Process	24 and 25 July 2018	Done
4		Attend District IDP Managers Forum Meeting-Discuss outcomes of IDP and Budget Assessments, Challenges and District Interventions into IDP and budget planning for the review process.	IDP Office	IDP Manager	Internal Process	26 July 2018	Done
5		Ward Committee Meetings to review the prioritisation of community needs in approved IDP and discuss the process for developing Neighbourhood Plans: Communicate final approved 18/19 Budget, Tariffs and IDP to Ward Committees.	Office of the Speaker	Speaker	MSA	24 July 2018	Done
6		Consider MEC comments and recommendations on assessment of initial IDP Document and IDP processes followed.	IDP Office	Municipal Manager Directors IDP Manager	MSA S21	31 July 2018	Done

Item No	Period	Activity	Co – Co-ordinating Department	Responsibility	Legislative Requirement and Information	Target date	Progress against target & Comments
7	Jul 2018	Signing of 2018/19 performance contracts for Section 57 Managers and Submission to the Mayoral Committee	Office of the MM	Municipal Manager	MFMA S53(1)(c)(iii)	31 July 2018	Done, approved by Council
8		Signing of lower levels staff performance agreements.	All Departments	Municipal Manager Directors	Internal Process	31 July 2018	Done, PMS
9		Prepare and finalise Departmental Plans	MM	Municipal Manager Executive Mayor	MSA and MFMA	31 July 2018	Done, approved by Council
10		Final Section 57 Managers 2018/19 Performance Assessments Final Performance Assessments of lower level staff	IDP Office	IDP Manager	Internal Process	31 July 2018	Done, Council calendar approved
11	Aug 2018	Finalise logistic processes in respect of each of the IDP and budget meetings and table a business plan to Management in this regard.	IDP Office	IDP Manager	Internal Process	31 July 2018	Done, Council calendar approved
11		Convene IDP and Budget Steering Committee Meeting. (Dry Run) Final Discussion of Public Participation Meeting Processes.	IDP Office	IDP Manager	MSA CH 5	15 August 2018	Meeting postponed to 19 September 2018
12		Operational Budget: Salary/Wages schedules to Directors for scrutiny & Corrections	BTO	CFO Directors	Internal Process	21 August 2018	Done, Finance Dept.
13		IDP Public Participation Meetings. Communicate Capital Projects per Ward on 18/19 budget, Reconfirm / review service delivery/development priorities.	IDP Office Office of the Speaker	IDP Manager Directors Speaker Ward Councillors Mayor	MSA Ch5 S29	20 – 24 August 2018	Meetings moved to 08 – 17 September 2018 according to the Council Activity Calendar.
14		Consult Sector Departments to establish programme/Projects for 5 years – Inter-governmental engagements on IDP and Budget	IDP Office BTO	IDP Manager CFO	MSA Ch5 S24	27 – 31 August 2018	Meeting moved to 25 October 2018 according to the Council Activity Calendar.
15		Adjustment of Budget Rollovers; changes on SDBIP and KPI'S as per Adjustment Budget	BTO Corporate Services	CFO Director Corporate Services	MFMA S28 MBRR S23	28 August 2018	Done, PMS
16		Tabling of and briefing Council on the Final 2019/20 IDP/Budget Process Plan for approval, including time schedules for IDP/Budget Public participation meetings.	IDP Office BTO	IDP Manager Chief Financial Officer	MFMA S21(1)(b)	29 August 2018	Done, Approved by Council

Item No	Period	Activity	Co – Co-ordinating Department	Responsibility	Legislative Requirement and Information	Target date	Progress against target & Comments
17	Sep 2018	Advertise the budget process and dates of IDP/Budget Public meetings on Municipal Website, Municipal Newsletter and Local Newspapers	IDP Office	IDP Manager Municipal Manager	MSA and MFMA	14 September 2018	Done
18		Attend District IDP Managers Forum Meeting. Develop uniform guidelines for IDP/Budget review.	IDP Office	IDP Manager Municipal Manager	Internal Process	21 September 2018	No invitation received
19		Forward adjustment budget (hard and electronic copies) to National Treasury and Provincial Treasury after approval.	BTO	CFO	MFMA S28(7)	14 September 2018	Dept. Finance
20		Review of Municipal Strategic Plan Workshop with Council: Review Municipal KPA and Strategic Objectives	Office of the MM	Municipal Manager Directors Council	Internal Process	21 September 2018	Postponed
21		Operational Budget: Salary/Wages schedules with corrections and recommendations to be returned to Finance Department	All Departments	Directors CFO	Internal Process	28 September 2018	Dept. Finance
22		Attend Quarterly Provincial IDP Manager Forum Meeting in preparation for IDP Indaba 2	IDP Office	IDP Manager	Internal Process	28 September 2018	No invitation received
23	Oct 2018	Two Day Neighbourhood Development Session with Wards to prepare Final Neighbourhood Development Plans	IDP Office	IDP Manager	Internal Process	1 & 2 October 2018	Done, Ward Committees
24		Directorates to be provided with the previous financial year 5 year Capital Plan in order to be able to indicate any changes that need to be made and identify any new projects that needs to be added for the compilation of the Final Capital Budget	BTO	CFO Directors	Internal Process	5 October 2018	Dept. Finance
25		Ward Committee Meetings: Discuss, scrutinise community needs as outcome of IDP/ Budget public engagement sessions to IDP forum. (IDP forum consolidate requests from all wards where after projects prioritized in line with available funding over five year period) Escalate community needs relating national/ provincial mandates to relevant organ(s) of state.	IDP Office	IDP Manager	MSA	08– 19 October 2018	Done. 08 – 11 October 2018 IDP Report completed.

Item No	Period	Activity	Co – Co-ordinating Department	Responsibility	Legislative Requirement and Information	Target date	Progress against target & Comments
26	Oct 2018	Review and costing of municipal rates and tariffs. Preparation of tariffs and bulk resource (water (Water Board), electricity (NERSA), etc.) engagement documentation. Directors to be provided with the previous year's operating expenditure / income actual and current year projections to be used as a base for new Operating Budget. (CFO will further submit budget guidelines to Budget Steering Committee for approval. Guidelines to include deadline dates by which Directorates have to meet as well as submission of requests per line item with a zero based budget)	BTO	CFO Directors Budget Steering Committee	Internal Process	17 October 2018	Dept. Finance
27		Attend District Stakeholders Engagement Session to inform Sector Departments and Stakeholders of IDP/Budget needs analysis.	IDP Office	IDP Manager	Internal Process	16 October 2018	Cancelled, scheduled for 14 November
28		Table Revised Strategic Plan in Council for approval	Office of the MM	Municipal Manager	Internal Process	31 October 2018	Done, referred back to administration to rectify
29		Review Municipal Spatial Development Framework	Planning and Development	Director Planning and Development	Internal Process	30 October 2018	Done, Town Planning Unit / Community Services Dept.
30		Submit Quarterly Report (July 2018 – September 2018) on implementation of budget and financial state of affairs to Council	Office of the MM	Mayor/CFO	MFMA S52(d)	30 October 2018	Department of Finances
31		Engagements with Provincial Government regarding any adjustments to projected allocations for next 3 years in terms of the MTREF	BTO	CFO Directors	MFMA S28	30 October 2018	Dept. Finances
32		Updating and review of strategic elements of IDP in light of the focus of Council	IDP Office	IDP Manager	MSA	30 October 2018	Done, PMU
33	Nov 2018	Operational Budget: Income / Expenditure inputs and statistics to be returned to Budget Office	All Departments	Directors/CFO	Internal Process	16 November 2018	Dept. Finances

Item No	Period	Activity	Co – Co-ordinating Department	Responsibility	Legislative Requirement and Information	Target date	Progress against target & Comments
34	Nov 2018	Directors Identify/Create Projects as outcome of the prioritisation of development needs during IDP public engagements sessions within projected budget allocations.	All Departments	CFO Directors	MSA	05 – 23 November 2018	Done, Project Management Unit
35		Convene IDP/ Budget Steering Committee Meeting: Identify projects per Ward with Budget Allocations; prioritise implementation and integration where possible.	IDP Office	IDP Manager IDP Steering Committee	MSA	23 November 2018	Meeting cancelled
36		Review Municipal Strategies, objectives, KPA's, KPI's and targets. - Identification of priority IDP KPI's incorporate in IDP and link to budget	IDP Manager	IDP Steering Committee CFO	MSA and MFMA	23 November 2018	Dept. Finance / PMU
37		Capital Budget: Inputs from the different Directorates to be returned to the Budget Office	All Departments	Directors/CFO	Internal Process	26 November 2018	Dept. Finance
38		Executive management articulates outcomes, objectives, priorities and outputs desired for next three years and submit capital budget project proposals for Final IDP Review document to Budget Office	All Departments	Budget Steering Committee Executive Management	Internal Process	30 November 2018	Dept. Finance
39		Based on financial statements of 2017/18 determine municipality's financial position & assess its financial capacity & available funding for next three years	BTO	CFO	Internal Process	30 November 2018	Dept. Finance
40		Finalise Salary Budget for 2018/19	BTO	CFO	Internal Process	30 November 2018	Dept. Finance
41	Dec 2018	Submit Bulk Resource documentation (water (Water Board), for consultation on municipal tariffs for 2018/19 and the two outer Budget years.	BTO	CFO	Internal Process	30 November 2018	Dept. Finance
42		Finalise preliminary projections on operating revenue and expenditure budget for 2018/19	BTO	CFO	Internal Process	10 December 2018	Dept. Finance
43		Convene IDP Representative Forum Meeting to give feedback and discuss outcome of Budget steering committee meeting	IDP Office	Municipal Manager IDP Manager CFO	MSA	13 December 2018	Meeting cancelled

Item No	Period	Activity	Co – Co-ordinating Department	Responsibility	Legislative Requirement and Information	Target date	Progress against target & Comments
44	Dec 2018	Workshop 1: Final IDP, Budget and proposed tariffs and SDBIP with Council. Provide progress update to council against IDP/Budget process schedule and obtain approval for any adjustments to process.	IDP Office	Mayor Municipal Manager IDP Manager CFO	MFMA & MSA	Late November/ early December 2018	Dept. finance
45		Finalise expenditure on operational budget for the budget year and two outer years.	BTO	CFO	Internal Process	21 December 2018	In process
46		Conclusion of Sector Plans and integration into the IDP document	IDP Office	IDP Manager	MSA	21 December 2018	Done
47		Finalise departmental Plans and link to IDP	All Departments	IDP Manager Directors	MSA	21 December 2018	Done PMU
48	Jan 2018	Request and / or follow-up with Water Board/ NERSA/ other Bulk Service providers for feedback on proposed municipal 2017/18 – 2018/19 tariffs and engagement documentation submitted in Nov 2018	BTO	CFO	MFMA	15 January 2019	Dept. Finance
49		Submit Final IDP, Budget and SDBIP to Director Corporate Services with proposed schedule of Ward Committee Meetings for post IDP & Budget Feedback & Consultation Process	IDP Office	IDP Manager	MSA	18 January 2019	Monthly meetings conducted by Ward committees, reports send to Community Services Manager
50		Executive Management finalise the Final IDP & Capital Budget for referral to IDP & Budget Steering Committees. Processes to be followed to be clearly set out in municipality's budget management and implementation policy.	Office of the MM	Municipal Manager Directors	Internal Process	25 January 2019	In process
51		Tabling of 2018/19 Mid-Year Assessment (to potentially influence 2019/20) to Council	Office of the MM	Municipal Manager Directors	MFMA S72	25 January 2019	Performance Management Unit
52		Meetings and formal consultation with Bulk Service Providers (ESCOM and relevant Water Board on bulk purchase price increase assumptions	BTO	CFO	MFMA S23	30 & 31 January 2019	Dept. Finance
53		Submit Quarterly Report (Oct 2018 – Dec 2018) on implementation of budget and financial state of affairs to Council. Consider combining with MFMA S. 72 mid-year performance assessment.	Office of the MM/C.F.O	Executive Mayor	MFMA S52(d)	31 January 2019	Performance Management Unit / Dept. Finance

Item No	Period	Activity	Co – Co-ordinating Department	Responsibility	Legislative Requirement and Information	Target date	Progress against target & Comments
54	Jan 2019	Tabling of 2017/18 Annual Report to Council	Office of the MM	Municipal Manager	MFMA S127(2)	31 January 2019	Dept. Corporate Services Postponed
55		Convening Budget Steering Committee Meeting for the purpose to discuss and prioritise Final Capital projects for the next three years	Office of the MM	Budget Steering Committee	MSA S29	31 January 2019	Meeting Postponed
56		Final review of municipal strategies, objectives, KPA's, KPI's and targets	IDP Office	IDP Manager IDP Steering Committee	Internal Process	31 January 2019	In process
57		Review all budget related policies	BTO	CFO	MBRR 7	2 - 31 January 2019	Dept. Finance
58		Adjustment Budget: Finalise Capital and Operational budget projections for 2019/20	BTO	CFO	MBRR 21	31 January 2019	Dept. Finance
59	Feb 2019	Submit Annual Report to Auditor General, Provincial Treasury and COGTA	Office of the MM	Municipal Manager	MFMA S(127)(5)(b)	8 February 2019	Compliance
60		Directors Identify projects and forward local Budget Needs priorities to ZFM DM. Project alignment between ZFM DM and !Kheis Local Municipality	All Departments	Directors	Internal Process	04 – 15 February 2019	Done
61		Ward Committee Meetings: Discuss and brief Ward Committees on Council's revised strategic plan, Strategic Objectives and envisaged deliverables.	IDP Office	IDP Manager	Internal Process	25 – 29 March 2019	Done, Dept. Community Services
62		Review tariffs and charges and determine affordable tariffs and finalise income budget.	BTO	CFO	MFMA s20	22 February 2019	In Process. Dept. Finance
63	Feb 2019	Attend Provincial IDP INDABA Incorporate Sector Departments Projects in Final IDP.	IDP Office	IDP Manager Directors	Internal Process	22 February 2019	No invitation received
64		Municipalities receive inputs from National and Provincial Government and other bodies on factors influencing the budget, e.g. Grant Allocations	Office of the MM BTO	Municipal Manager CFO	MFMA21(2)(c)	18 – 26 February 2019	Dept. Finance
65		Attend District IDP Managers Forum Meeting to discuss the alignment of IDP Strategic Development Goals with ZFM DM. Final IDP Presentations.	IDP Office	IDP Manager	Internal Process	28 February 2019	Invitation received, could not attend meeting
66		Present Final IDP and Budget to Steering Committees for quality check	IDP Office BTO	IDP and Budget Steering Committees	MBRR S4	29 February 2019	Invitation received, could not attend meeting

Item No	Period	Activity	Co – Co-ordinating Department	Responsibility	Legislative Requirement and Information	Target date	Progress against target & Comments
67	Feb 2019	Submit first Final IDP to ZFM DM for Horizontal Project alignment between the ZFM DM and !Kheis Local Municipality	IDP Office	IDP Manager	Internal Process	28 February 2019	Done
65		Table Adjustment Budget to Council for approval	Office of the MM	Municipal Manager	MBRR S23	28 February 2019	Done
66		Amend IDP, SDBIP, KPI's and performance agreements into adjustment budget	Office of the MM	Municipal Manager Directors	MFMA 28	28 February 2019	In process, PMS
67	March 2019	Present Final IDP and Budget to Steering Committees for quality Check (Including recommendations / adjustments made at meetings of 28 February 2019)	IDP Office BTO	IDP and Budget Steering Committees	MBRR 4	28 March 2019	Meeting Postponed
68		Workshop 2: Final IDP, Budget and proposed tariffs and SDBIP with Council. Provide progress update to council against IDP/Budget process schedule and obtain approval for any adjustments to process.	IDP Office BTO	IDP Manager CFO	Internal Process	28 March 2019	Done
69		Forward Adjustment Budget (hard and electronic copies) to National and Provincial Treasury after approval	BTO	CFO	MBRR 24	15 March 2019	Dept. Finance
70		Publication of approved Adjustment Budget after approval per MSA and on municipal website	BTO	CFO	MBRR 26	15 March 2019	Dept. Finance
71		Municipal Manager presents final Final IDP, Budget, SDBIP and Budget related policies to the Mayor for perusal and tabling to Council	Office of the MM	Municipal Manager	Internal Process	21 March 2019	Done
72		Municipal Manager submit Final IDP, Budget, and Related Policies to Director Corporate Services for inclusion in Council Meeting Agenda	Office of the MM	Municipal Manager	Internal Process	21 March 2019	Done
73		Table (<i>and briefing of council</i>) Final IDP, Budget, SDBIP and Related policies and proposed schedule of Ward Committee Meetings for IDP & Budget Feedback/Consultation Process to Council (Principal Approval)	Office of the MM	Municipal Manager	MFMA S16	29 March 2019	Done

Item No	Period	Activity	Co – Co-ordinating Department	Responsibility	Legislative Requirement and Information	Target date	Progress against target & Comments
74	Mar 2019	Training workshop for councillors to equip councillors for Public participation meetings.	Office of the MM	Municipal Manager And Sec 57 Managers, etc.	MFMA	29 March 2019	Done
74		Briefing of councillors on logistical arrangements for public participation meetings.					
74		Council to Consider and adopt an oversight report on 2017/18 Annual Report	Office of the MM	Municipal Manager	MFMA S129(1)	29 March 2019	Done
75	April 2019	Advertise & Inviting public comments on Final Budget, Proposed Tariffs, and IDP Place copies of Final Budget and IDP at all municipal buildings.	Corporate Services BTO	Director Corporate Services CFO	MBRR S15 MFMA S22	4 April 2019 (Advertise) 2 – 18 April 2019 (public comments)	Done
76	April 2019	Forward Copy of preliminary approved Budget ,IDP, SDBIP & related documents (hard and electronic copies) to National & Provincial Treasury – 10 working days after tabling	Office of the MM	CFO IDP Manager	MFMA S22(b)	12 April 2019	Done
77		Attend District IDP Managers Forum- Present Final IDP for input.	IDP Office	IDP Manager	Internal Process	18 April 2019	Could not attend Meeting
78		Public Consultation Meetings: Feedback / Consultation on preliminary approved IDP & Budget (Details as per Annexure A)	Office of the MM	Municipal Manager Directors	MBRR S15 MFMA S23	02 – 18 April 2019	Done
79		Engagement with the Provincial Treasury on Final budget benchmark	Office of the MM	Municipal Manager	MFMA CH 5	25 April 2019	Dept. Finance
80		CFO and Director Corporate Service analyse public and Ward Committee comments and inputs on Final IDP and Budget and prepare recommendations for Council's perusal	Corporate Services BTO	CFO Director Corporate Services	MBRR S16(1)(a)	30 April 2019	
81		Submit Quarterly Report (Jan 2019 – Mar 2019) on implementation of budget and financial state of affairs to Council	Office of the MM	Executive Mayor	MFMA s52(d)	30 April 2019	Dept. Finance
82	May 2019	Council considers public and Government Departments' comments and inputs and revised IDP, Budget and SDBIP if necessary.	Office of the MM	Municipal Manager	MBRR 16(1)(a)	02 – 09 May 2019	In process
83		Present Final IDP, Budget and final Final SDBIP to Steering Committees for quality Check (Including recommendations made by all stakeholders and Council)	IDP Office BTO	IDP and Budget Steering Committees	MBRR 4	16 and 17 May 2019	

Item No	Period	Activity	Co – Co-ordinating Department	Responsibility	Legislative Requirement and Information	Target date	Progress against target & Comments
84	May 2019	Table final IDP, budget & related documents to Council for approval.	Office of the MM	Municipal Manager	MFMA S24(1)	31 May 2019	
85	June 2019	Inform local community on approved IDP and Budget Detail – Place Newspaper Article and Copies at Libraries	Office of the MM	Municipal Manager	MBRR S18	12 June 2019	
86		Send copy of approved Budget, IDP, & related documents (incl. final Final SDBIP) to National and Provincial Governments and other stakeholders Ensure Signed Quality Certificate as per S5 of MBRR is also attached.	IDP Office BTO	CFO IDP Manager	MFMA S24(3)	12 June 2019	
87		Publication of Approved Budget and IDP within 10 workings days on Municipal Website	BTO IDP Office	CFO IDP Manager	MFMA S75(1)(a)	14 June 2019	
88		Submit Final SDBIP to Mayor within 14 days after approval of budget	Office of the MM	Municipal Manager	MFMA S69(3)(a)	20 June 2019	
89		Mayor approves the municipality's SDBIP within 28 days after the approval of the budget and submit hard and electronic copy to NT and PT	Mayor's Office	Executive Mayor	MFMA S(53)(1)(c)(ii)	28 June 2019	
90		Place approved IDP, budget, SDBIP and related documents on CD for all councillors and distribute.	IDP Office	IDP Manager	Internal Process	28 June 2018	

IDP and Budget Process

The scheduled meetings took place in line with the projected dates and times as approved by Council, except for two divisions within the wards.

Political and management oversight of the budget compilation process and more specifically.

IDP Representative Forum – This forum represents all stakeholders and is inclusive as possible. Efforts will be made to bring additional organizations into the IDP RF and ensure their continued participation throughout the progress.

IDP and Budget Steering Committee – Oversee the alignment of the planning process with the district framework.

Determination of priorities/projects

Through public participation needs and priorities are identified.

Newspapers will inform the community of the progress of the IDP

The website will also be utilized to communities and inform the community. Copies of the IDP and the Budget will be placed on the website for people and service providers to download.

Alignment of municipal priorities with National, Provincial and sector priorities.

The municipality used the conditional grants as published in the 2019 Division of Revenue bill and the 2019 Northern Cape appropriation bill for the Financial Performance budget and the Financial Capital budget. Projects identified and priorities in the 2019/20 reviewed IDP were budgeted for in the capital budget.

The following projects were approved to be funded out of MIG

- Grootdrink Sewer reticulation, Pump station & rising maintaining - R 1 141 697
- Sternham & Duineveld sewer reticulation & Pump station - R 9 121 941
- UDS all wards - R 427 362

2.1.2 IDP and Service Delivery and Budget Implementation Plan

The municipality's IDP is a principal strategic planning instrument, which directly guides and informs its planning, budget, management and development actions. This framework is rolled out into objectives, key performance indicators and targets for implementation which directly inform the Service Delivery and Budget Implementation Plan. The Process Plan applicable to the fourth revision cycle included the following key IDP processes and Deliverables:

- Registration of community needs;
- Compilation of departmental business plans including key performance indicators and targets;
- Financial planning and budgeting process;
- Public participation process;

- Compilation of the SDBIP, and
- The review of the performance management and monitoring processes.

The IDP has been taken into a business and financial planning process leading up to the 2019/20 MTREF, based on the approved 2019/20MTREF, Mid-year Review and adjustments budget. The business planning process has subsequently been refined in the light of current economic circumstances and the resulting revenue projections.

With the compilation of the 2019/20 MTREF, each department/function had to review the business planning process, including the setting of priorities and targets after reviewing the mid-year performance against the 2019/2020 Departmental Service Delivery and Budget Implementation Plan. Business planning links back to priority needs and master planning, and essentially informed the detail operating budget appropriations and three-year capital programme.

The Final Service Delivery and Budget Implementation Plan (SDBIP) with Final Performance Agreements will be submitted to the Mayor after the approval of the Final IDP and Budget; and the final SDBIP will be tabled to Council for approval with the Performance Agreements on the 28 March 2019 with the final IDP and Budget.

2.1.3 Financial Modelling and Key Planning Drivers

5. As part of the compilation of the 2019/20 MTREF, extensive financial modelling was undertaken to ensure affordability and long-term financial sustainability. The following key factors and planning strategies have informed the compilation of the 2019/20 MTREF:

- Municipal growth
- Policy priorities and strategic objectives
- Asset maintenance
- Economic climate and trends (i.e inflation, Eskom increases, household debt, migration patterns)
- Performance trends
- The approved 2018/2019 adjustments budget and performance against the SDBIP
- Cash Flow Management Strategy
- Debtor payment levels
- Loan and investment possibilities
- The need for tariff increases versus the ability of the community to pay for services;
- Improved and sustainable service delivery

In addition to the above, the strategic guidance given in National Treasury's MFMA Circulars 94 has been taken into consideration in the planning and prioritisation process.

2.2 Overview of alignment of annual budget with IDP

The constitution mandates local government with the responsibility to exercise local developmental and cooperative governance. The eradication of imbalances in South African society can only be realized through a credible integrated developmental planning process.

Municipalities in South Africa need to utilise integrated development planning as a method to plan future development in their areas and so find the best solutions to achieve sound long-term development goals. A municipal IDP provides a five year strategic programme of action aimed at setting short, medium and long term strategic and budget priorities to create a development platform, which correlates with the term of office of the political incumbents. The plan aligns the resources and the capacity of a municipality to its overall development aims and guides the municipal budget. An IDP is therefore a key instrument which municipalities use to provide vision, leadership and direction to all those that have a role to play in the development of a municipal area. The IDP enables municipalities to make the best use of scarce resources and speed up service delivery.

Integrated developmental planning in the South African context is amongst others, an approach to planning aimed at involving the municipality and the community to jointly find the best solutions towards sustainable development. Furthermore, integrated development planning provides a strategic environment for managing and guiding all planning, development and decision making in the municipality.

It is important that the IDP developed by municipalities correlate with National and Provincial intent. It must aim to co-ordinate the work of local and other spheres of government in a coherent plan to improve the quality of life for the people living in that area. Applied to the municipality, issues of national and provincial importance should be reflected in the IDP of the municipality. A clear understanding of such intent is therefore imperative to ensure that the municipality strategically complies with the key national and provincial priorities.

The aim of this revision cycle was develop and coordinate a coherent plan to improve the quality of life for all the people living in the area, also reflecting issues of national and provincial importance. One of the key objectives is therefore to ensure that there exists alignment between national and provincial priorities, policies and strategies and the municipality's response to these requirements.

The national and provincial priorities, policies and strategies of importance include amongst others:

- Green Paper on National Strategic Planning of 2009;
- Government Programme of Action;
- Development Facilitation Act of 1995;

- Provincial Growth and Development Strategies (PGDS);
- National and Provincial spatial development perspectives;
- Relevant sector plans such as transportation, legislation and policy;
- National Key Performance Indicators (NKPs);
- Accelerated and Shared Growth Initiative (ASGISA);
- National 2014 Vision;
- National Spatial Development Perspective (NSDP) and
- The National Priority Outcomes.

The Constitution requires local government to relate its management, budgeting and planning functions to its objectives. This gives a clear indication of the intended purposes of municipal integrated development planning. Legislation stipulates clearly that a municipality must not only give effect to its IDP, but must also conduct its affairs in a manner which is consistent with its IDP. The following table highlights the IDP's five strategic for the 2019/20 MTREF and further planning refinements that have directly informed the compilation of the budget:

Table 22 IDP Strategic Objectives

SFA#	STRATEGIC FOCUS AREA/NATIONAL KEY FOCUS AREA	SO#	STRATEGIC OBJECTIVE	IDP PRIORITIES
SFA1	Basic Service Delivery	SO1	To improve and maintain current service through infrastructure development	<ul style="list-style-type: none"> ➤ PR1 Water ➤ PR2 Sanitation ➤ PR3 Electricity ➤ PR4 Streets and Storm water management ➤ PR5 Human Settlements
		SO2	To promote a safe and healthy environment through the protection of our natural resources	<ul style="list-style-type: none"> ➤ PR6 Environmental conservation – refuse removal, parks etc. ➤ PR7 Disaster management
SFA2	Local Economic Development	SO3	To create an enabling environment for social development and economic growth	<ul style="list-style-type: none"> ➤ PR8 Facilitate decent opportunities for job creation ➤ PR9 Rural development ➤ PR10 Youth development ➤ PR11 Opportunities for women and people living with disabilities ➤ PR12 HIV/AIDS awareness
SFA3	Municipal Financial Viability and Transformation	SO4	To grow the revenue base of the municipality	<ul style="list-style-type: none"> ➤ PR13 Sound financial planning

SFA4	Municipal Transformation and Organizational Development	SO5	To structure and manage the municipal administration to ensure efficient service delivery	➤ PR14 Institutional capacity building
SFA5	Good Governance and Public Participation	SO6	To encourage the involvement of communities in the matters of local government, through the promotion of open channels of communication	➤ PR15 Ward Committee system ➤ PR16 Communications

Aspects Which Need Attention

Currently the IDP document has certain aspects which still need to be completed within the near future. Some of these aspects have been started and as soon as completed, would form part of this document.

The compilation of an IDP for any town or area is a dynamic process, which doesn't necessarily end with the completion, approval and submission of a document. It is only the start of the new way of working towards future planning of the respective area. As the current actions are completed, new needs arise and new objectives need to be formulated to address these needs. This document therefore, serves as the foundation on which annual building and planning must take place.

In future review processes, more attention should be given to the Integration Phase of the document, as well as to monitoring of the effective and successful implementation of projects.

On national level it has been pointed out to almost all local authorities must focus more of their planning on:

- a) Environmental issues,
- b) Alignment especially with regard to government departments and
- c) Sustainability of projects and programs.

With this in mind this municipality already attempted to address some of the above-mentioned gaps in this IDP review process and are committed to continuing doing so in order to enhance developmental local government.

The 2019/20 MTREF has therefore been directly informed by the IDP revision process and the following tables provide a reconciliation between the IDP strategic objectives and operating revenue, operating expenditure and capital expenditure.

Table 23 MBRR Table SA4 – Reconciliation between the IDP strategic objectives and budgeted revenue

Strategic Objective	Goal	Goal Code	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand												
Basic and Sustainable Delivery	Water, cleaning services, Waste Removal, Sewerage		2	13 509	6 519	15 999	13 014	13 015	13 015	4 500		
Municipal Infrastructure Development	Water, Public works, waste											
Local Economic Development	Community Services			1 000	1 498	2 062	4 349	4 920	4 920	883	883	950
Municipal Finance Viability and Management	Finance			39 492	44 922	45 949	42 464	43 802	43 802	61 843	64 678	69 375
Good Governance and Public Participation	Executive & Council, Corporate Services				14							
Good Governance	Traffic, Road transport											
Allocations to other priorities												
Total Revenue (excluding capital transfers and contributions)			1	54 002	52 953	64 010	59 826	61 737	61 737	67 226	65 561	70 325

Table 24 MBRR Table SA5 – Reconciliation between the IDP strategic objectives and budgeted operating expenditure

Strategic Objective	Goal	Goal Code	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand												
Basic and Sustainable Delivery	Water, cleaning services, Waste Removal, Sewerage			13 470	13 012	17 876	20 149	20 487	20 487	23 533	23 912	25 935
Local Economic Development	Community Services			7 022	11 109	11 121	5 978	5 222	5 222	5 428	5 774	6 109
Municipal Finance Viability and Management	Finance			21 375	23 751	23 512	18 860	19 800	19 800	20 608	20 649	22 191

Good Governance and Public Participation	Executive & Council, Corporate Services			4 232	6 867	11 828	12 743	13 324	13 324	13 792	14 738	15 830
Good Governance	Traffic, Road Transport			–	–	–	1 992	1 985	1 985			
Allocations to other priorities												
Total Expenditure			1	46 099	54 738	64 337	59 722	60 819	60 819	63 361	65 071	70 066

Table 25 MBRR Table SA6 – Reconciliation between the IDP strategic objectives and budgeted capital expenditure

Strategic Objective	Goal	Goal Code	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand												
Basic and Sustainable Delivery	Water, cleaning services, Waste Removal, Sewerage	A		11 363	–	–	6 990	6 990	6 990	10 691	11 035	11 529
Municipal Infrastructure Development	Water, Public works, waste	B		4 420	10 298	15 594	4 000	4 000	4 000	4 500		
Local Economic Development	Community Services	C		321						500		
Municipal Finance Viability and Management	Finance	D										
Good Governance and Public Participation	Executive & Council, Corporate Services	E										
Good Governance	Traffic, Road Transport	F			3 959		3 577	3 577	3 577			
Allocations to other priorities			3									
Total Capital Expenditure			1	16 103	14 257	15 594	14 567	14 567	14 567	15 691	11 035	11 529

2.3 Measurable performance objectives and indicators

Performance Management is a system intended to manage and monitor service delivery progress against the identified strategic objectives and priorities. In accordance with legislative requirements and good business practices as informed by the National Framework for Managing Programme Performance Information, the municipality has developed and implemented a performance management system of which system is constantly refined as the integrated planning process

unfolds. The Municipality target, monitors, assesses and reviews organisational performance which in turn is directly to individual employee's performance.

At any time within government, information from multiple years is being considered; plans and budgets for next year; implementation for the current year; and reporting on last year's performance. Although performance information is reported publicly during the last stage, the performance information process begins when policies are being developed, and continues through each of the planning, budgeting, implementation and reporting stages. The planning, budgeting and reporting cycle can be graphically illustrated as follows:

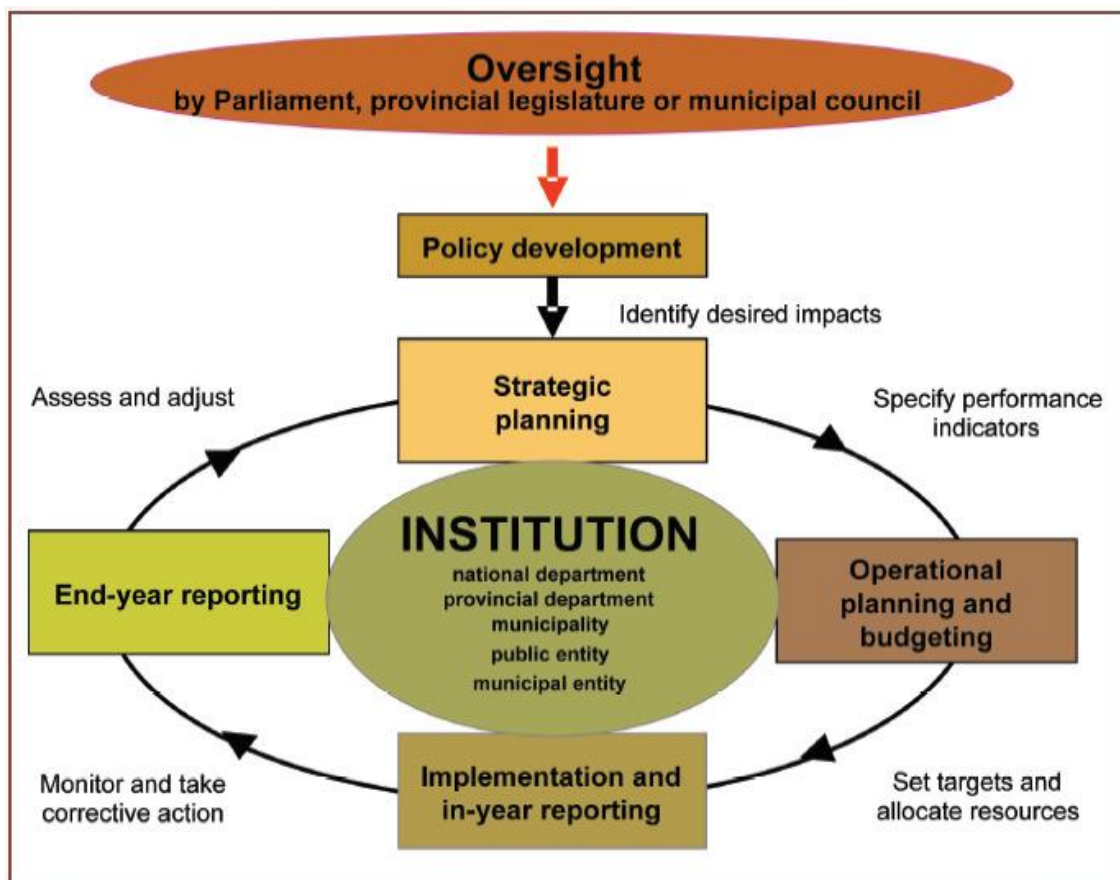


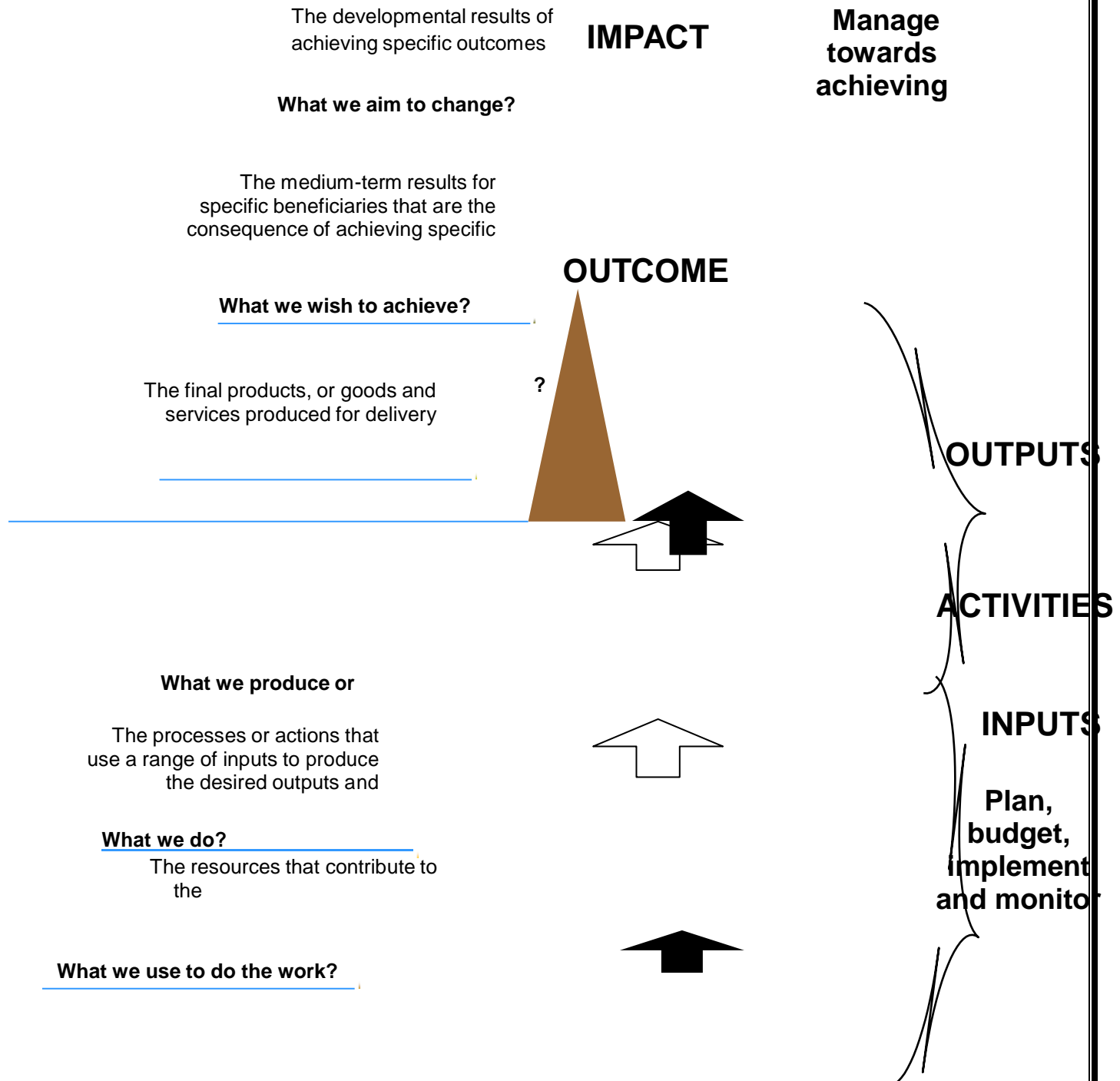
Figure 1 Planning, Budgeting and reporting cycle

The performance of the municipality relates directly to the extent to which it has achieved success in realising its goals and objectives, complied with legislative requirements and meeting stakeholder expectations. The municipality therefore has adopted one integrated performance management system which encompasses:

- Planning (setting goals, objectives, targets and benchmarks);
- Monitoring (regular monitoring and checking on the progress against plan);
- Measurement (indicators of success);
- Review (identifying areas requiring change and improvement);
- Reporting (what information, to whom, from whom, how often and for what purposes); and

- Improvement (making changes where necessary).

The performance information concepts used by the municipality in its integrated performance management system are aligned to the Framework of Managing Programme Performance Information issued by the National Treasury



The following table sets out the municipalities main performance indicators and benchmarks for 2019/20 MTREF.

Table 27 MBRR Table SA8 – Performance indicators and benchmarks

Description of financial indicator	Basis of calculation	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
<u>Borrowing Management</u>											
Credit Rating											
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	2,1%	-2,3%	10,6%	0,0%	0,1%	0,1%	0,1%	0,2%	0,2%	0,2%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	6,3%	-8,2%	31,1%	0,0%	0,3%	0,3%	0,3%	0,5%	0,5%	0,5%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure excl. transfers and grants and contributions	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
<u>Safety of Capital</u>											
Gearing	Long Term Borrowing/ Funds & Reserves	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
<u>Liquidity</u>											
Current Ratio	Current assets/current liabilities	0,6	0,6	0,6	3,3	3,3	3,3	3,3	0,9	0,9	0,9
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	0,6	0,6	0,6	3,3	3,3	3,3	3,3	0,9	0,9	0,9
Liquidity Ratio	Monetary Assets/Current Liabilities	0,1	0,0	0,0	0,1	0,1	0,1	0,1	0,6	0,6	0,6
<u>Revenue Management</u>											
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		13,9%	49,0%	22,8%	58,3%	60,7%	60,7%	60,7%	50,0%	50,0%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)		13,9%	49,0%	22,8%	58,3%	60,7%	60,7%	60,7%	50,0%	50,0%	50,0%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	35,9%	36,9%	30,8%	60,1%	57,6%	57,6%	57,6%	31,0%	29,7%	30,4%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total		30,0%								

Creditors Management Creditors System Efficiency	Debtors > 12 Months Old										
	% of Creditors Paid Within Terms (within 'MFMA' s 65(e))		21,0%								
	Creditors to Cash and Investments	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	- 591,9%	- 327,1%	- 234,5%
Other Indicators Electricity Distribution Losses (2)	Total Volume Losses (kW)										
	Total Cost of Losses (Rand '000)										
	% Volume (units purchased and generated less units sold)/units purchased and generated										
Water Distribution Losses (2)	Total Volume Losses (kℓ)										
	Total Cost of Losses (Rand '000)										
	% Volume (units purchased and generated less units sold)/units purchased and generated										
Employee costs	Employee costs/(Total Revenue - capital revenue)	49,1%	61,6%	51,6%	64,0%	61,2%	61,2%	61,2%	59,3%	60,4%	60,2%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	55,6%	67,7%	78,0%	70,8%	67,8%	67,8%		65,0%	66,3%	66,0%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	3,4%	2,3%	1,7%	4,6%	4,4%	4,4%		4,4%	4,1%	4,5%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	24,0%	23,1%	19,1%	10,0%	9,7%	9,7%	9,7%	9,5%	9,7%	9,7%
IDP regulation financial viability indicators											
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year	(5,7)	1,5	49,2	15,4	15,4	15,4	18,3	19,4	19,3	21,2
ii.O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	94,8%	132,2%	107,9%	195,1%	195,7%	195,7%	195,7%	95,6%	89,8%	89,9%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	0,2	(0,1)	0,0	(4,2)	(7,6)	(11,3)	(11,3)	(2,2)	(3,9)	(5,5)

2.3.1 Performance indicators and benchmarks

2.3.1.1 Safety of Capital

- The debt-to-equity ratio is a financial ratio indicating the relative proportion of equity and debt used in financing the municipality's assets. The indicator is based on the total of loans, creditors, overdraft and tax provisions as a percentage of funds and reserves.

2.3.1.2 Liquidity

- Current ratio is a measure of the current assets dividend by the current liabilities. For the 2019/2020 MTREF the current ratio is 0.86 and in the 2019/20 budgeted financial year and for the two outer years of the MTREF is on 0.90 as to 1. Going forward it will be necessary to improve on this rate. This is below the benchmark ratio because of the excessive provision for bad debts that we are still going to review.
- The liquidity ratio is a measure of the ability of the municipality to utilize cash and cash equivalents to extinguish or retire its current liabilities immediately. Ideally the municipality should have the equivalent cash and cash equivalents on hand to meet at least the current liabilities, which should translate into a liquidity ratio of 1. Anything below 1 indicates a shortage in cash to meet creditor obligations

2.3.1.3 Revenue Management

- As part of the financial sustainability strategy, an aggressive revenue management plan has been implemented to increase cash flow, not only from current billings but also from debtors that are in arrears in excess of 90 days. The intension of the strategy is to streamline the revenue value chain by ensuring accurate billing, customer service, and credit control and debt collection.

2.3.1.4 Creditors Management

The municipality strive to pay all creditors within the legislated 30 days of invoice.

2.3.2 Free Basic Services: basic social services package for indigent households

The social package assists residents that have difficulty paying for services and are registered as indigent households in terms of the Indigent Policy of the municipality. Only registered indigents qualify for the free basic services.

For the 2019/20 financial year more indigents have been provided for in the budget. In terms of the Municipality's indigent policy (attached as Annexure 4) registered

households are entitled to 6kl free water, free sanitation and free waste removal equivalent to once a week, as well as a discount on their property rates.

Further detail relating to the number of households receiving free basic services, the cost of free basic service, highest level of free basic services as well as the revenue cost associated with the free basic services is contained in Table 24 MBRR A10 (Basic Service Delivery Measurement)

Table 24 MBRR A10 (Basic Service Delivery Measurement)

[illegible]

Electricity/other energy (in excess of 50 kwh per indigent household per month)		-	-	-	-	-	-	-	-	-
Refuse (in excess of one removal a week for indigent households)		-	-	-	-	-	-	-	-	-
Municipal Housing - rental rebates		-	-	2 384	-	-	-	-	-	-
Housing - top structure subsidies	6	-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
Total revenue cost of subsidised services provided		-	-	2 384	631	631	631	674	722	776

2.3.3 Providing clean water and managing waste water

The municipality is the Water Service Authority for the entire municipality in terms of the Water Services Act, 1997 and acts as water services provider. Approximately 90% of the municipality's bulk water needs are provided directly by Boegoeberg Water in the form of purified water.

The Department of Water Affairs conducts an annual performance rating of water treatment works, presenting a Blue Drop or Green Drop award respectively to portable water treatment works and waste water treatment works that meet certain criteria of excellence.

Our blue Drop status was assessed as fair but our green drop status was not up to standard

The following is briefly the main challenges facing the municipality in this regard:

- Shortage of skilled personnel makes proper operations and maintenance difficult; and
- There is a lack of proper regional catchment management, resulting in storm water entering the sewerage system.

The following are some of the steps that have been taken to address these challenges:

- Infrastructure shortcomings are being addressed through the capital budget in terms of a 5-year upgrade plan;
- The filling of vacancies has commenced and Waste Water Division will embark on an in-house training programme, especially for operational personnel;

2.4 Overview of budget related-policies

The municipality's budgeting process is guided and governed by relevant legislation, framework, strategies and related policies.

2.4.1 Review of rates policy

The Rates Policy will be considered for approval by Council at the budget meeting of 28 June 2019. Amendments have been made with regard to the tariffs increases and the Final policy will be attached to that document. While the Final policy is credible, sustainable, manageable and informed by affordability and value for money there has been a need to review certain components to accommodate all stakeholder views. Some of the possible revisions will include the need for full participation of relevant stakeholders when changing rebates on property rates

every year. In addition the rebate structure is also likely to change to incorporate the views from the stakeholders.

2.4.2 Asset Management. Infrastructure Investment and Funding Policy

Preserving the investment in existing infrastructure needs to be considered a significant strategy in ensuring the future sustainability of infrastructure and the municipality's revenue base. Within the framework, the need for asset maintenance was considered a priority and hence the capital programme was determined based on renewal of current assets versus new asset construction.

2.4.3 Budget Policy

The budget process is governed by various provisions in the MFMA and is aimed at instilling and establishing an increased level of discipline, responsibility and accountability in the financial management practices of municipalities. To ensure that the municipality continues to deliver on its core mandate and achieves its developmental goals, the mid-year review and adjustment budget process will be utilised to ensure that underperforming functions are identified and funds redirected to performing functions.

It aims to empower senior managers with an efficient financial and budgetary amendment and control system to ensure optimum service delivery within the legislative framework of the MFMA and the municipality's system of delegations. The Budget Policy was approved by Council in May 2019.

2.4.4 Supply Chain Management Policy

The Supply Chain Management Policy was review and adopted by Council 31 May 2018 financial year. An amended policy will be considered by Council in due course of which the amendments will be extensively consulted on. The current policy can be located on the municipal website at www.!kheis.gov.za.

2.4.5 Cash Management and Investment Policy

The municipality's Cash Management and Investment Policy, as approved in council is also under review. The aim of the policy is to ensure that the municipality's surplus cash and investments, where applicable, are adequately managed, especially the funds set aside for the cash backing of certain reserves. The policy details the minimum cash and cash equivalents required at any point in time and introduce time frames to achieve certain benchmarks.

2.4.6 Tariff Policies

The municipality's tariff policies (located at www.lkheis.gov.za) provide a broad framework within which the Council can determine fair, transparent and affordable charges that also promote sustainable service delivery.

2.4.8 Financial Code Policy

The Financial Code Policy has directly informed the compilation of the 2019/20 MTREF with the emphasis on affordability and long-term sustainability. Although we are busy reviewing the policy, its contents have been of significance in the preparation of the MTREF. The policy dictates the approach to long term financial modelling. The outcomes are then filtered into the budget process. The financial planning outcomes are taken to Council and then translate into recommendations for the budget guidelines that inform the compilation of the next MTREF. One of the salient features of the policy is the emphasis on financial sustainability. Amongst others, the following has been modelled as part of the financial modelling and scenario planning process:

- Approved 2019/20 Budget;
- Cash Flow Management Interventions, Initiatives and Strategies (including the cash backing of reserves);
- Economic climate and trends (i.e Inflation, household debt levels, indigent factors, growth, recessionary implications);
- Loan and investments possibilities;
- Performance trends;
- Tariff Increases;
- The ability of the community to pay for services (affordability);
- Policy priorities;
- Improved and sustainable service delivery; and
- Debtor payment levels.

The above policy together with those listed below will be made available on the municipality's website, as well as:

- Property Rates Policy;
- Budget Policy; and
- Indigents Policy.
- Tariff Policy
- Credit Control and Debt Collection Policy
- Financial Code Policy
- Asset Management Policy
- Cash Management and Investment Policy
- Borrowing Policy; and
- Supply Chain Management Policy

2.5 Overview of budget assumptions

2.5.1 External factors

South Africa's economy has continued grow, but at a slower rate than projected at the time of the 2018 Budget. Inflation has remained moderate, with consumer prices rising by 6.3 per cent in 2018 and projected to increase by an average of 0.5 per cent a year over the period ahead.

Consequently, municipal revenues and cash flows are expected to gradually improve during 2019/20. However, given that the likely recovery is not guaranteed and, at best, is likely to be slow, the municipality still had to adopt a conservative approach in projecting expected revenues and cash receipts. This has also applied to managing all revenue and cash streams effectively, as well as evaluation of the spending decision.

2.5.2 General inflation outlook and its impact on the municipal activities

There are five key factors that have been taken into consideration in the compilation of the 2019/20 MTREF:

- National Government macro-economic targets;
- The general inflationary outlook and the impact on municipality's residents and businesses;
- The impact of municipal cost drivers;
- The increase in prices of bulk and water; and
- The increase in the cost of remuneration. Employee related costs comprise 48% of total operating expenditure in the 2019/20 MTREF. The increase in employee related costs is at least within inflation levels at 6.7%. We have applied the guideline increase by National Treasury as contained in Circulars 94.

2.5.3 Interest rates for borrowing and investment of funds

The MFMA specifies that borrowing can only be utilised to fund capital or refinancing of borrowing in certain conditions. The current municipal loan book is based on fixed interest. The municipality does not intent to enter into any long term debts for the 2019/20 budget year

2.5.4 Collection rate for revenue services

The base assumption is that tariff and rating increases will increase at various rates at or above the CPI over the long term. It is also assumed that current economic conditions, and relatively controlled inflationary conditions, will continue for the forecast term. The municipality embark to implement a Revenue Enhancement Strategy which will contribute towards our cash flow problems.

2.5.5 Salary increases

According to budget circular 94 of 2019, the provision for salary increases had been agreed at 6.7% at the bargaining council. The municipality provide for the mentioned increase in the concept budget for 2019/20.

2.5.6 Impact of national, provincial and local policies

Integration of service delivery between national, provincial and local government is critical to ensure focus service delivery and in this regard various measures were implemented to align IDPs, provincial and national strategies around priority spatial interventions. In this regard, the following national priorities form the basis of all integration initiatives:

- Creating jobs;
- Enhancing education and skills development;
- Improving health service;
- Rural development and agriculture; and
- Fighting crime and corruption.

To achieve these priorities integration mechanisms are in place to ensure integrated planning and execution of various development programs. The focus will be to strengthen the link between policy priorities and expenditure thereby ensuring the achievement of the national, provincial and local objectives.

2.5.7 Ability of the municipality to spend and deliver on the programmes

It is estimated that a spending rate of at least **70 per cent** is achieved on operating expenditure and **100 per cent** on the capital programme for the 2019/20 MTREF of which performance has been factored into the cash flow budget.

2.6 Overview of budget funding

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand	1										
Revenue By Source											
Property rates	2	3 876	4 998	4 528	4 368	4 368	4 368	4 368	7 541	8 076	8 982
Service charges - electricity revenue	2	–	–	0	–	–	–	–	–	–	–
Service charges - water revenue	2	4 303	2 410	4 656	4 301	4 137	4 137	4 137	5 222	5 593	6 195
Service charges - sanitation revenue	2	2 061	1 527	2 344	1 780	1 647	1 647	1 647	1 129	1 209	1 300
Service charges - refuse revenue	2	2 724	1 429	2 905	2 891	2 646	2 646	2 646	1 496	1 602	1 722
Rental of facilities and equipment		599	1 269	465	593	1 093	1 093	1 093	1 466	1 554	1 688
Interest earned - external investments		241	271	290	280	447	447	447	477	510	549
Interest earned - outstanding debtors		–	–	3 608	167	712	712	712	1 157	1 239	1 332
Dividends received		–	–	–	–	–	–	–	–	–	–
Fines, penalties and forfeits		–	–	–	68	(0)	(0)	(0)	–	–	–
Licences and permits		315	258	172	11	17	17	17	–	–	–

Agency services		–	–	–	1 818	885	885	885	945	1 012	1 088
Transfers and subsidies		20 514	26 577	30 263	27 328	27 899	27 899	27 899	30 115	31 066	33 056
Other revenue	2	1 155	914	960	1 657	1 970	1 970	1 970	1 048	1 123	1 226
Gains on disposal of PPE		2	2 038	2 070	–	1 350	1 350	1 350	1 440	1 543	1 658
Total Revenue (excluding capital transfers and contributions)		35 791	41 691	52 260	45 259	47 169	47 169	47 169	52 035	54 526	58 796

2.6.1 Medium-term outlook: operating revenue

The following table is a breakdown of the operating revenue over the medium-term:

Table 28 Breakdown of the operating revenue over the medium-term

MONTHLY CASH FLOWS	Budget Year 2019/20												Medium Term Revenue and Expenditure Framework			
	R thousand	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Cash Receipts By Source		1												1		
Property rates	847	103	103	103	103	103	103	78	50	50	50	50	(0)	2 639	4 038	4 491
Service charges - electricity revenue	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Service charges - water revenue	152	152	152	152	152	152	152	152	152	152	152	152	152	1 828	2 796	3 098
Service charges - sanitation revenue	33	33	33	33	33	33	33	33	33	33	33	33	33	395	605	650
Service charges - refuse revenue	44	44	44	44	44	44	44	44	44	44	44	44	43	524	801	861
Service charges - other	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Rental of facilities and equipment	122	122	122	122	122	122	122	122	122	122	122	122	122	1 466	1 554	1 688
Interest earned - external investments	40	40	40	40	40	40	40	40	40	40	40	40	39	477	510	549
Interest earned - outstanding debtors	34	34	34	34	34	34	34	34	34	34	34	34	34	405	619	666
Dividends received	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Fines, penalties and forfeits	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Licences and permits	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Agency services	28	28	28	28	28	28	28	28	28	28	28	28	27	331	354	381
Transfer receipts - operational	15 210					8 467				6 438			–	30 115	31 066	33 056
Other revenue	87	87	87	87	87	87	87	87	87	87	87	87	88	1 048	1 123	1 226
Cash Receipts by Source	17 597	642	642	642	109	9	642	617	589	7 027	589	589	538	39 227	43 466	46 665

Transfers and grants - other	100	100	100	100	100	100	100	100	100	100	100	210	1 310	354	371
Other expenditure	886	886	886	886	886	886	886	886	886	886	886	887	10 634	9 737	10 678
Cash Payments by Type	4 345	4 345	4 345	4 345	4 345	4 345	4 345	4 345	4 345	4 345	4 345	4 456	52 248	53 170	57 271
Other Cash Flows/Payments by Type															
Capital assets	1 308	1 308	1 308	1 308	1 308	1 308	1 308	1 308	1 308	1 308	1 308	1 308	15 691	11 035	11 529
Repayment of borrowing	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Other Cash Flows/Payments	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Total Cash Payments by Type	5 652	5 652	5 652	5 652	5 652	5 652	5 652	5 652	5 652	5 652	5 652	5 764	67 939	64 205	68 800
NET INCREASE/(DECREASE) IN CASH HELD	24 198	(4 890)	(4 890)	(4 890)	3 577	(1 833)	(4 915)	(4 943)	1 495	(4 943)	(4 943)	(5 106)	(12 081)	(8 160)	(8 948)
Cash/cash equivalents at the month/year begin:	–	24 198	19 308	14 418	9 528	13 105	11 273	6 358	1 415	2 910	(2 033)	(6 975)	–	(12 081)	(20 241)
Cash/cash equivalents at the month/year end:	24 198	19 308	14 418	9 528	13 105	11 273	6 358	1 415	2 910	(2 033)	(6 975)	(12 081)	(12 081)	(20 241)	(29 189)

Tariff setting plays a major role in ensuring desired levels of revenue. Getting tariffs right assists in the compilation of a credible and funded budget which will lead to a positive revenue collection. The municipality derives most of its operational revenue from the provision of goods and services such as water, sanitation and solid waste removal, property rates, operating and capital grants from organs of state and other minor charges (such as building plan fees, agency services, licenses and permits etc).

The revenue strategy is a function of key components such as:

- Growth in the municipality and economic development;
- Revenue management and enhancement Strategy;
- Achievement of a high per cent annual collection rate for consumer revenue due to regular interactions with consumers;
- National Treasury guidelines;
- Achievement of full cost recovery of specific user charges;
- Determining tariff escalation rate by establishing/calculating revenue requirements;
- The Property Rates Policy in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA), and
- And the ability to extend new services and obtain cost recovery levels.

The above principles guide the annual increase in the tariffs charged to the consumers and the ratepayers aligned to the economic forecasts.

The proposed tariff increases for the 2019/20 MTREF on the different revenue categories are:

Table 29 Proposed tariff increases over medium-term

Description	2019/20 Proposed tariff Increase
Property Rates	6.7%
Charges Water Service	6.7%
Charges Service Charges	6.7%
Sanitation	6.7%
Service Charges Refuse	

The tables below provide detail investment information and investment particulars by maturity.

Table 30 MBRR SA15 – Detail Investment Information

Investment type	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand										
<u>Parent municipality</u>										
Securities - National Government		-	-	-	-	-	-	-	-	-
Listed Corporate Bonds		-	-	-	-	-	-	-	-	-
Deposits - Bank		-	-	600	650	650	650	700	700	700
Deposits - Public Investment Commissioners		-	-	-	-	-	-	-	-	-
Deposits - Corporation for Public Deposits		-	-	-	-	-	-	-	-	-
Bankers Acceptance Certificates		-	-	-	-	-	-	-	-	-
Negotiable Certificates of Deposit - Banks		-	-	-	-	-	-	-	-	-
Guaranteed Endowment Policies (sinking)		-	-	-	-	-	-	-	-	-
Repurchase Agreements - Banks		-	-	-	-	-	-	-	-	-
Municipal Bonds		-	-	-	-	-	-	-	-	-
Municipality sub-total	1	-	-	600	650	650	650	700	700	700
<u>Entities</u>										
Securities - National Government		-	-	-	-	-	-	-	-	-
Listed Corporate Bonds		-	-	-	-	-	-	-	-	-
Deposits - Bank		-	-	-	-	-	-	-	-	-
Deposits - Public Investment Commissioners		-	-	-	-	-	-	-	-	-
Deposits - Corporation for Public Deposits		-	-	-	-	-	-	-	-	-
Bankers Acceptance Certificates		-	-	-	-	-	-	-	-	-
Negotiable Certificates of Deposit - Banks		-	-	-	-	-	-	-	-	-
Guaranteed Endowment Policies (sinking)		-	-	-	-	-	-	-	-	-
Repurchase Agreements - Banks		-	-	-	-	-	-	-	-	-
Entities sub-total		-	-	-	-	-	-	-	-	-
Consolidated total:		-	-	600	650	650	650	700	700	700

2.6.2 Medium-term outlook: capital revenue

The following table is a breakdown of the funding composition of the 2019/20 medium-term capital programme:

Table 31 Sources of capital revenue over the MTREF

NC084 !Kheis - Table A5 Budgeted Capital Expenditure by vote, functional classification and funding

[illegible]

Health		-	-	-	-	-	-	-	-	-	-
Economic and environmental services		-	3 959	-	3 577	3 577	3 577	3 577	-	-	-
Planning and development		-	-	-	-	-	-	-	-	-	-
Road transport		-	3 959	-	3 577	3 577	3 577	3 577	-	-	-
Environmental protection		-	-	-	-	-	-	-	-	-	-
Trading services		15 783	10 298	15 594	10 990	10 990	10 990	10 990	15 191	11 035	11 529
Energy sources		-	-	-	-	-	-	-	-	-	-
Water management		-	-	-	4 000	4 000	4 000	4 000	4 500	-	-
Waste water management		15 783	10 298	15 594	6 990	6 990	6 990	6 990	427	453	480
Waste management		-	-	-	-	-	-	-	10 264	10 582	11 049
Other		-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Functional	3	16 103	14 257	15 594	14 567	14 567	14 567	14 567	15 691	11 035	11 529
Funded by:											
National Government		16 103	14 257	15 594	14 567	14 567	14 567	14 567	15 191	11 035	11 529
Provincial Government		-	-	-	-	-	-	-	500	-	-
District Municipality		-	-	-	-	-	-	-	-	-	-
Other transfers and grants		-	-	-	-	-	-	-	-	-	-
Transfers recognised - capital	4	16 103	14 257	15 594	14 567	14 567	14 567	14 567	15 691	11 035	11 529
Public contributions & donations	5	-	-	-	-	-	-	-	-	-	-
Borrowing	6	-	-	-	-	-	-	-	-	-	-
Internally generated funds		-	-	-	-	-	-	-	-	-	-
Total Capital Funding	7	16 103	14 257	15 594	14 567	14 567	14 567	14 567	15 691	11 035	11 529

The above table is graphically represented as follows for the 2019/20 financial year.

Table 32 MBRR Table SA 18 – Capital transfers and grants receipts[illegible]

!Kheis Local Municipality

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Sports and Recreation		-	-	-	-	-	-	-	-	-
Waste Water Infrastructure - Maintenance		-	-	-	-	-	-	-	-	-
Water Supply Infrastructure - Maintenance		-	-	-	-	-	-	-	-	-
District Municipality:		-	-	-	-	-	-	-	-	-
<i>All Grants</i>		-	-	-	-	-	-	-	-	-
Other Grant Providers:		-	-	-	-	-	-	-	-	-
<i>Departmental Agencies and Accounts</i>		-	-	-	-	-	-	-	-	-
<i>Foreign Government and International Organisations</i>		-	-	-	-	-	-	-	-	-
<i>Households</i>		-	-	-	-	-	-	-	-	-
<i>Non-profit Institutions</i>		-	-	-	-	-	-	-	-	-
<i>Private Enterprises</i>		-	-	-	-	-	-	-	-	-
<i>Public Corporations</i>		-	-	-	-	-	-	-	-	-
<i>Higher Educational Institutions</i>		-	-	-	-	-	-	-	-	-
<i>Parent Municipality / Entity</i>		-	-	-	-	-	-	-	-	-
Total Operating Transfers and Grants	5	21 514	24 325	25 957	27 328	27 899	27 899	30 115	31 066	33 056
<u>Capital Transfers and Grants</u>										
National Government:		16 905	14 905	18 298	14 567	19 067	19 067	15 191	11 035	11 529
Integrated National Electrification Programme (Municipal Grant) [Schedule 5B]		-	-	-	-	-	-	-	-	-
Municipal Infrastructure Grant [Schedule 5B]		12 485	10 202	10 798	10 567	10 567	10 567	10 691	11 035	11 529
Municipal Water Infrastructure Grant [Schedule 5B]		-	-	-	-	-	-	-	-	-
Neighbourhood Development Partnership Grant [Schedule 5B]		-	-	-	-	-	-	-	-	-
Public Transport Infrastructure Grant [Schedule 5B]		-	-	-	-	-	-	-	-	-
Rural Household Infrastructure Grant [Schedule 5B]		-	-	-	-	-	-	-	-	-
Rural Road Asset Management Systems Grant [Schedule 5B]		-	-	-	-	-	-	-	-	-
Urban Settlement Development Grant [Schedule 4B]		-	-	-	-	-	-	-	-	-
Municipal Human Settlement		-	-	-	-	-	-	-	-	-
Community Library		-	-	-	-	-	-	-	-	-
Integrated City Development Grant [Schedule 4B]		-	-	-	-	-	-	-	-	-
Municipal Disaster Recovery Grant [Schedule 4B]		-	-	-	-	-	-	-	-	-
Energy Efficiency and Demand Side Management Grant		-	4 703	-	-	-	-	-	-	-
Khayelitsha Urban Renewal		-	-	-	-	-	-	-	-	-
Local Government Financial Management Grant [Schedule 5B]		-	-	-	-	-	-	-	-	-
Municipal Systems Improvement Grant [Schedule 5B]		-	-	-	-	-	-	-	-	-
Public Transport Network Grant [Schedule 5B]		-	-	-	-	-	-	-	-	-
Public Transport Network Operations Grant [Schedule 5B]		-	-	-	-	-	-	-	-	-
Regional Bulk Infrastructure Grant (Schedule 5B)		4 420	-	-	-	-	-	-	-	-

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Water Services Infrastructure Grant [Schedule 5B]		-	-	7 500	4 000	8 500	8 500	4 500	-	-
WIFI Connectivity		-	-	-	-	-	-	-	-	-
Expanded Public Works Programme Integrated Grant for Municipalities [Schedule 5B]		-	-	-	-	-	-	-	-	-
Aquaponic Project		-	-	-	-	-	-	-	-	-
Restition Settlement		-	-	-	-	-	-	-	-	-
Infrastructure Skills Development Grant [Schedule 5B]		-	-	-	-	-	-	-	-	-
Restructuring Seed Funding		-	-	-	-	-	-	-	-	-
Municipal Disaster Relief Grant		-	-	-	-	-	-	-	-	-
Municipal Emergency Housing Grant		-	-	-	-	-	-	-	-	-
Metro Informal Settlements Partnership Grant		-	-	-	-	-	-	-	-	-
Provincial Government:		267	365	-	-	-	-	500	-	-
Capacity Building		-	-	-	-	-	-	-	-	-
Capacity Building and Other		-	-	-	-	-	-	500	-	-
Disaster and Emergency Services		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Infrastructure		-	-	-	-	-	-	-	-	-
Libraries, Archives and Museums		-	-	-	-	-	-	-	-	-
Other		267	365	-	-	-	-	-	-	-
Public Transport		-	-	-	-	-	-	-	-	-
Road Infrastructure		-	-	-	-	-	-	-	-	-
Sports and Recreation		-	-	-	-	-	-	-	-	-
Waste Water Infrastructure		-	-	-	-	-	-	-	-	-
Water Supply Infrastructure		-	-	-	-	-	-	-	-	-
District Municipality:		-	-	-	-	-	-	-	-	-
<i>All Grants</i>		-	-	-	-	-	-	-	-	-
Other Grant Providers:		-	-	-	-	-	-	-	-	-
<i>Departmental Agencies and Accounts</i>		-	-	-	-	-	-	-	-	-
<i>Foreign Government and International Organisations</i>		-	-	-	-	-	-	-	-	-
<i>Households</i>		-	-	-	-	-	-	-	-	-
<i>Non-Profit Institutions</i>		-	-	-	-	-	-	-	-	-
<i>Transfer from Operational Revenue</i>		-	-	-	-	-	-	-	-	-
Total Capital Transfers and Grants	5	17 172	15 270	18 298	14 567	19 067	19 067	5 691	11 035	11 529
TOTAL RECEIPTS OF TRANSFERS & GRANTS		38 686	39 595	44 255	41 895	46 966	46 966	45 806	42 101	44 585

2.6.3 Cash Flow Management

Cash flow management and forecasting is a critical step in determining if the budget is funded over the medium- term. The table below is consistent with international standards of good financial management practice and also improves councillors and management's ability to understand the cash flow management. Some specific features include:

- Clear separation of receipts payments within each cash flow category:
- Clear separation of capital and operating receipts from government, which also enables cash from 'Ratepayers and other' to be provide for as cash inflow based on actual performance. In other words the actual collection rate of billed revenue.

Table 33 MBRR Table – Budgeted cash flow statement

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand											
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates		541	814	1 216	2 500	2 500	2 500	2 500	2 639	4 038	4 491
Service charges		1 266	4 266	2 075	5 272	5 272	5 272	5 272	2 746	4 202	4 609
Other revenue		1 828	2 441	2 119	3 296	3 666	3 666	3 666	2 845	3 031	3 295
Government - operating	1	20 514	22 977	30 263	27 328	23 400	23 400	23 400	30 115	31 066	33 056
Government - capital	1	18 210	14 862	11 751	14 567	15 067	15 067	15 067	15 191	11 035	11 529
Interest		241	271	3 897	447	1 166	1 166	1 166	881	1 130	1 214
Dividends		–	–	–	–	–	–	–	–	–	–
Payments											
Suppliers and employees		(26 015)	(33 306)	(43 693)	(55 190)	(51 352)	(51 352)	(51 352)	(50 819)	(52 687)	(56 762)
Finance charges		(503)	(1 700)	(653)	–	(50)	(50)	(50)	(120)	(129)	(138)
Transfers and Grants	1	–	–	–	–	(1 338)	(1 338)	(1 338)	(1 310)	(354)	(371)
NET CASH FROM/(USED) OPERATING ACTIVITIES		16 084	10 625	6 976	(1 780)	(1 669)	(1 669)	(1 669)	2 170	1 332	923
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE		–	–	–	850	1 350	1 350	1 350	1 440	1 543	1 658
Decrease (Increase) in non-current debtors		–	–	–	–	–	–	–	–	–	–
Decrease (increase) other non-current receivables		–	–	–	–	–	–	–	–	–	–
Decrease (increase) in non-current investments		–	–	–	–	–	–	–	–	–	–
Payments											
Capital assets		(16 103)	(14 257)	(1 004)	(14 567)	(15 067)	(15 067)	(15 067)	(15 691)	(11 035)	(11 529)
NET CASH FROM/(USED)		(16 103)	(14 257)	(1 004)	((13 717))	(13 717)	(13 717)	(13 717)	(14 251)	((9 492))	(9 871)

INVESTING ACTIVITIES											
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans		-	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing		-	-	-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits		-	-	-	-	-	-	-	-	-	-
Payments											
Repayment of borrowing		-	2 942	(6 188)	-	-	-	-	-	-	-
NET CASH FROM/(USED) FINANCING ACTIVITIES		-	2 942	(6 188)	-	-	-	-	-	-	-
NET INCREASE/(DECREASE) IN CASH HELD		(20)	(691)	(216)	(15 497)	(15 386)	(15 386)	(15 386)	(12 081)	(8 160)	(8 948)
Cash/cash equivalents at the year begin:	2	435	416	309	93	(15 404)	(30 790)	(30 790)	-	(12 081)	(20 241)
Cash/cash equivalents at the year end:	2	416	(275)	93	(15 404)	(30 790)	(46 176)	(46 176)	(12 081)	(20 241)	(29 189)

The above table shows that cash and cash equivalent of the municipality are anticipated to be comfortable for 2019/2020 budgeted financial year showing a balance –R9.4 million due to the anticipated increase in debtors as a result of the measures must be taken to collect debts from consumer debtors. The municipality undertook an extensive debt collection process to boost cash levels. These initiatives and interventions are expected to translate into positive cash flows and ultimately an improvement on the cash position for the municipality

Cash Backed Reserves/Accumulated Surplus Reconciliation

This following table meets the requirements of MFMA Circular 94 which deals with the funding of a municipal budget in accordance with sections 18 and 19 of the MFMA. The table seeks to answer three key questions regarding the use and availability of cash:

- What are the predicted cash and investments that are available at the end of the budget year?
- How are those funds used?
- What is the net funds available or funding shortfall?

A surplus would indicate the cash-backed accumulated surplus that was/is available. A shortfall is indicative of non-compliance with section 18 of the MFMA requirement that the municipality's budget must be 'funded'. Non-compliance with section 18 is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded (budgeted spending is greater than funds available or to be collected)

Table 35 MBRR Table A8 – cash backed reserves/accumulated surplus reconciliation

Description R thousand	Ref	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
<u>Cash and investments available</u>											
Cash/cash equivalents at the year end	1	416	(275)	93	(15 404)	(30 790)	(46 176)	(46 176)	(12 081)	(20 241)	(29 189)
Other current investments > 90 days		691	682	106	16 054	31 440	46 826	46 826	44 386	55 279	66 581
Non current assets - Investments	1	–	–	–	–	–	–	–	–	–	–
Cash and investments available:		1 107	407	199	650	650	650	650	32 305	35 038	37 391
<u>Application of cash and investments</u>											
Unspent conditional transfers		–	–	–	–	–	–	–	–	–	–
Unspent borrowing		–	–	–	–	–	–	–	–	–	–
Statutory requirements	2	–	–	–	–	–	–	–	–	–	–
Other working capital requirements	3	(3 108)	(9 002)	(4 428)	(17 042)	(17 791)	(17 791)	(17 791)	49 369	48 643	52 178
Other provisions		–	–	–	–	–	–	–	–	–	–
Long term investments committed	4	–	–	–	–	–	–	–	–	–	–
Reserves to be backed by cash/investments	5	–	–	–	–	–	–	–	–	–	–
Total Application of cash and investments:		(3 108)	(9 002)	(4 428)	(17 042)	(17 791)	(17 791)	(17 791)	49 369	48 643	52 178
Surplus(shortfall)		4 215	9 409	4 627	17 692	18 441	18 441	18 441	(17 064)	(13 606)	(14 787)

From the above table it can be seen that the cash and investments availability total R650 thousand in the 2018/19 financial year and grows to R 800 thousand by 2019/20, including the projected cash and cash equivalents as determined in the cash flow forecast. The following is a breakdown of the application of this funding:

- There is no unspent borrowing from the previous financial years. In terms of the municipality's Borrowing and Investment Policy, borrowings are only drawn down once the expenditure has been incurred against the particular project.
- The main purpose of other working capital is to ensure that sufficient funds are available to meet obligations as they fall due. A key challenge is often the mismatch between the timing of receipts of funds from debtors and payments due to employees and creditors. High levels of debtor non-payment and receipts delays will have a greater requirement for working capital, as was experienced by the municipality in 2019/20 resulting in cash

flow challenges. Any underperformance in relation to collections could place upward pressure on the ability of the municipality to meet its financial obligations.

- The calculation of actual cash received from services had been determined at 50% as being the current collection rate of the municipality

It can be concluded that the municipality focused to have a surplus against the cash backed and accumulated surpluses reconciliation. The challenge for the municipality will be to ensure that the underlying planning and cash flow assumptions are meticulously managed, especially the performance against the collection rate.

2.6.4 Funding compliance measurement

National Treasury requires that the municipality assess its financial sustainability against fourteen different measures that look at various aspects of the financial health of the municipality. These measures are contained in the following table. All the information comes directly from the annual budgeted statements of financial performance, financial position and cash flows. The funding compliance measurement table essentially measures the degree to which the proposed budget complies with the funding requirements of the MFMA. Each of the measures is discussed below.

Table 37 MBRR SA10 – Funding compliance measurement

Description	MFMA section	Ref	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Funding measures	-	-										
Cash/cash equivalents at the year end - R'000	18(1)b	1	416	(275)	93	(15 404)	(30 790)	(46 176)	(46 176)	(9 458)	(17 466)	(26 251)
Cash + investments at the yr end less applications - R'000	18(1)b	2	4 215	9 409	4 627	17 692	18 441	18 441	18 441	(15 096)	(13 492)	(14 663)
Cash year end/monthly employee/supplier payments	18(1)b	3	0,2	(0,1)	0,0	(4,2)	(7,6)	(11,3)	(11,3)	(2,2)	(3,9)	(5,5)
Surplus/(Deficit) excluding depreciation offsets: R'000	18(1)	4	7 903	(1 785)	(327)	104	919	918	919	3 865	489	259
Service charge rev % change - macro CPIX target exclusive	18(1)a,(2)	5	N.A.	(26,1%)	33,3%	(13,6%)	(10,1%)	(6,0%)	(6,0%)	14,2%	1,1%	4,4%
Cash receipts % of Ratepayer & Other revenue	18(1)a,(2)	6	24,2%	58,7%	27,5%	62,7%	65,5%	65,5%	65,5%	53,4%	53,4%	53,4%
Debt impairment expense as a % of total billable revenue	18(1)a,(2)	7	42,7%	44,7%	61,4%	0,0%	46,0%	46,0%	46,0%	40,8%	40,8%	39,7%
Capital payments % of capital expenditure	18(1)c;19	8	100,0%	100,0%	6,4%	100,0%	103,4%	103,4%	103,4%	100,0%	100,0%	100,0%

Borrowing receipts % of capital expenditure (excl. transfers)	18(1)c	9	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
Grants % of Govt. legislated/gazetted allocations	18(1)a	10								100,0%	100,0%	100,0%
Current consumer debtors % change - incr(decr)	18(1)a	11	N.A.	19,7%	4,5%	69,1%	0,0%	0,0%	0,0%	(40,7%)	0,5%	10,5%
Long term receivables % change - incr(decr)	18(1)a	12	N.A.	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
R&M % of Property Plant & Equipment	20(1)(vi)	13	0,8%	0,6%	0,5%	1,1%	1,1%	1,1%	1,2%	21,3%	39,0%	45,2%
Asset renewal % of capital budget	20(1)(vi)	14	0,0%	0,0%	0,0%	100,0%	100,0%	100,0%	0,0%	2,7%	4,1%	4,2%

2.6.4.1 Cash/ cash equivalent position

The municipality's forecast cash position was discussed as part of the budgeted cash flow statement. A 'positive' cash position, for each year of the MTREF would generally be a minimum requirement, subject to the planned application of these funds such as cash-backing of reserves and working capital requirements

Cash plus investments less application of funds

The purpose of this measure is to understand how the municipality has applied the available cash and investments as identified in the budgeted cash flow statement. The detail reconciliation of the cash backed reserves/surpluses is contained in Table 22. The reconciliation is intended to be a relatively simple methodology for understanding the budgeted amount of cash and investments available with any planned or required applications to be made. This has been extensively discussed above.

Monthly average payments covered by cash or cash equivalents

The purpose of this measure is to understand the level of financial risk should the municipality be under financial stress from a collection and cash in-flow perspective. Regardless of the annual cash position an evaluation should be made of the ability of the municipality to meet monthly payments as and when they fall due. It is especially important to consider the position should the municipality be faced with an unexpected disaster that threatens revenue collection such as rate boycotts. Notably, the ratio has been strengthening for the period 2020/21 to 2021/2022.

Surplus/deficit excluding depreciation offsets

The main purpose of this measure is to determine whether the revenue levels are sufficient to conclude that the community is making a sufficient contribution for the municipal resources consumed each year. An 'adjusted' surplus/deficit is achieved by offsetting the amount of depreciation related to externally funded assets. The municipalities assessed the result of this calculation taking into consideration its own circumstances and levels of backlogs. The current outcome

is a surplus, it may indicate that rates and service charges collection rates are currently insufficient to ensure that the community is making a sufficient contribution toward the economic benefits they are consuming over the medium term. For the 2019/20 MTREF the indicative outcome is a surplus of R 3,591. The municipality determine this through the process of offsetting depreciation against the expenditure as a non-cash item. It should also be indicated that this surplus will be funded through the capitalisation of depreciation on new assets as well revaluation of assets.

2.6.4.2 Property Rates/service charge revenue as a percentage increase less macro inflation target

The purpose of this measure is to understand whether the municipality is contributing appropriately to the achievement of national inflation targets. This measure is based on the increase in 'revenue', which will include both the change in the tariff as well as any assumption about real growth such as new property development, services consumption growth etc.

The factor is calculated by deducting the maximum macro-economic inflation target increase. The result is intended to be an approximation of the real increase in revenue.

2.6.4.3 Cash receipts as a percentage of ratepayers and other revenue

This factor is a macro measure of the rate at which funds are 'collected'. This measure is intended to analyse the underlying assumed collection rate for the MTREF to determine the relevance and credibility of the budget assumptions contained in the budget. It can be seen that the outcome is at 90% for 2019/2020. This measure and performance objective will have to be meticulously managed. Should performance with the mid-year review and adjustments be positive in relation to actual collections of billed revenue, the adjustments budget will be amended accordingly.

2.6.4.4 Capital payments percentage of capital expenditure

The purpose of this measure is to determine whether the timing of payments has been taken into consideration when forecasting the cash position. It forecasted that all capital payments will be paid within the legislative requirement that creditors be paid within 30 days.

2.6.4.5 Borrowing as a percentage of capital expenditure (excluding transfers, grants and contributions)

The purpose of this measurement is to determine the proportion of a municipality's 'own-funded' capital expenditure budget that is being funded from borrowed funds to confirm MFMA compliance. Externally funded expenditure (by transfers/grants and contributions) has been excluded. It can be seen that borrowing equates to 0 per cent of own funded capital, as there are no intentions to obtain any borrowing.

Transfers/grants revenue as a percentage of Government transfers/grants available

2.6.4.6 Transfers/grants revenue as a percentage of Government transfers/grants available

The purpose of this measurement is mainly to ensure that all available transfers from national and provincial government have been budgeted for. A percentage less than 100% could indicate that not all grants as contained in the Division of Revenue Act (DoRA) have been budgeted for. The municipality has budgeted for all transfers.

2.6.4.7 Consumer debtors change (Current and Non-current)

The purposes of these measures are to ascertain whether budgeted reductions in outstanding debtors are realistic. There are 2 measures shown for this factor; the change in current debtors and the change in long term receivables, both from the Budgeted Financial Position. The table above shows no change in non-current as those older than a year have been impaired.

2.6.4.8 Repairs and Maintenance expenditure level

This measure must be considered important within the context of the funding measures criteria because a trend that indicate insufficient funds are being committed to asset repair could also indicate that the overall budget is not credible and/or sustainable in the medium or long term because the revenue budget is not being protected.

Details of the municipality's strategy pertaining to asset management and repairs and maintenance are contained in Table 48 MBRR SA34C .

2.6.4.9 Asset renewal/rehabilitation expenditure level

This measure has a similar objective to aforementioned objective relating to repairs and maintenance. A requirement of the detailed capital budget (since MFMA Circular 28 which was issued in December 2005) is to categorise each capital project as a new asset or a renewal/rehabilitation project. The objective is to summarise and understand the proportion of budgets being provided for new assets and also asset sustainability. A declining or low level of renewal funding may indicate that a budget is not credible and/ or sustainable and future revenue is not being protected, similar to the justification for 'repairs and

maintenance' budgets. Further details in this regard are contained in Table 47 MBRR SA34b.

2.7 Expenditure on grants and reconciliation of unspent funds

Table 38 MBRR SA19 – Expenditure on transfers and grant programmes

[illegible]

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Expanded Public Works Programme Integrated Grant for Municipalities [Schedule 5B]		-	-	-	-	-	-	-	-	-
	Aquaponic Project	-	-	-	-	-	-	-	-	-
	Restitution Settlement	-	-	-	-	-	-	-	-	-
	Infrastructure Skills Development Grant [Schedule 5B]	-	-	-	-	-	-	-	-	-
	Restructuring Seed Funding	-	-	-	-	-	-	-	-	-
	Municipal Disaster Relief Grant	-	-	-	-	-	-	-	-	-
	Municipal Emergency Housing Grant	-	-	-	-	-	-	-	-	-
	Metro Informal Settlements Partnership Grant	-	-	-	-	-	-	-	-	-
	Provincial Government:	-	-	-	-	-	-	500	-	-
	Capacity Building	-	-	-	-	-	-	-	-	-
	Capacity Building and Other	-	-	-	-	-	-	500	-	-
	Disaster and Emergency Services	-	-	-	-	-	-	-	-	-
	Health	-	-	-	-	-	-	-	-	-
	Housing	-	-	-	-	-	-	-	-	-
	Infrastructure	-	-	-	-	-	-	-	-	-
	Libraries, Archives and Museums	-	-	-	-	-	-	-	-	-
	Other	-	-	-	-	-	-	-	-	-
	Public Transport	-	-	-	-	-	-	-	-	-
	Road Infrastructure	-	-	-	-	-	-	-	-	-
	Sports and Recreation	-	-	-	-	-	-	-	-	-
	Waste Water Infrastructure	-	-	-	-	-	-	-	-	-
	Water Supply Infrastructure	-	-	-	-	-	-	-	-	-
	District Municipality:	-	-	-	-	-	-	-	-	-
	All Grants	-	-	-	-	-	-	-	-	-
	Other Grant Providers:	-	-	-	-	-	-	-	-	-
	Departmental Agencies and Accounts	-	-	-	-	-	-	-	-	-
	Foreign Government and International Organisations	-	-	-	-	-	-	-	-	-
Transfer from Operational Revenue	-	-	-	-	-	-	-	-	-	
Total capital expenditure of Transfers and Grants		16 905	14 905	18 298	14 567	19 067	19 067	15 691	11 035	11 529
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS		38 419	39 230	44 255	41 895	46 966	46 966	45 806	42 101	44 585

Table 39 MBRR SA20 – Reconciliation between of transfers, grant receipts and unspent funds

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19	2019/20 Medium Term Revenue & Expenditure Framework
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Conditions met - transferred to revenue		–	–	–	–	–	–	–	–	–
Conditions still to be met - transferred to liabilities		–	–	–	–	–	–	–	–	–
Other grant providers:										
Balance unspent at beginning of the year		–	–	–	–	–	–	–	–	–
Current year receipts		305	3 666	4 574	–	–	–	–	–	–
Conditions met - transferred to revenue		305	3 666	4 574	–	–	–	–	–	–
Conditions still to be met - transferred to liabilities		–	–	–	–	–	–	–	–	–
Total capital transfers and grants revenue		17 210	13 868	16 325	14 567	14 567	14 567	10 691	11 035	11 529
Total capital transfers and grants - CTBM	2	–	–	–	–	–	–	–	–	–
TOTAL TRANSFERS AND GRANTS REVENUE		38 724	37 839	42 014	41 895	38 538	38 528	40 806	42 101	44 585
TOTAL TRANSFERS AND GRANTS - CTBM		–	–	–	–	–	–	–	–	–

2.8 Councillor and employee benefits

Table 40 MBRR SA22 – Summary of councillor and staff benefits

[illegible]

Performance Bonus		–	–	304	325	325	325	210	225	242
Motor Vehicle Allowance	3	–	–	1 337	1 427	1 427	1 427	1 100	1 179	1 267
Cellphone Allowance	3	–	–	84	90	90	90	73	72	77
Housing Allowances	3	–	–	–	–	–	–	–	–	–
Other benefits and allowances	3	–	–	–	–	–	–	–	–	–
Payments in lieu of leave		–	–	–	–	–	–	–	–	–
Long service awards		–	–	–	–	–	–	–	–	–
Post-retirement benefit obligations	6	–	–	–	–	–	–	–	–	–
Sub Total - Senior Managers of Municipality		–	–	5 433	5 798	5 798	5 798	5 280	5 648	6 071
% increase	4		–	–	6,7%	–	–	(8,9%)	7,0%	7,5%
Other Municipal Staff										
Basic Salaries and Wages		17 562	25 691	26 978	16 187	16 084	16 084	18 166	19 397	20 791
Pension and UIF Contributions		–	–	1 897	2 484	2 484	2 484	2 999	3 212	3 453
Medical Aid Contributions		–	–	304	570	570	570	205	220	236
Overtime		–	–	15	119	119	119	232	249	268
Performance Bonus		–	–	648	694	694	694	696	746	801
Motor Vehicle Allowance	3	–	–	1 182	1 776	1 776	1 776	1 870	2 002	2 153
Cellphone Allowance	3	–	–	121	133	133	133	143	153	164
Housing Allowances	3	–	–	537	329	329	329	262	281	302
Other benefits and allowances	3	–	–	828	681	681	681	802	859	923
Payments in lieu of leave		–	–	87	104	104	104	104	112	120
Long service awards		–	–	–	34	34	34	34	36	39
Post-retirement benefit obligations	6	–	–	–	57	57	57	41	43	47
Sub Total - Other Municipal Staff		17 562	25 691	32 597	23 166	23 063	23 063	25 553	27 310	29 296
% increase	4		46,3%	26,9%	(28,9%)	(0,4%)	–	10,8%	6,9%	7,3%
Total Parent Municipality		19 909	28 224	40 773	32 064	31 961	31 961	33 805	36 140	38 788
TOTAL SALARY, ALLOWANCES & BENEFITS			41,8%	44,5%	(21,4%)	(0,3%)	–	5,8%	6,9%	7,3%
		19 909	28 224	40 773	32 064	31 961	31 961	33 805	36 140	38 788
% increase	4		41,8%	44,5%	(21,4%)	(0,3%)	–	5,8%	6,9%	7,3%
TOTAL MANAGERS AND STAFF	5,7	17 562	25 691	38 030	28 965	28 862	28 862	30 833	32 958	35 367

Table 41 MBRR SA23 – Salaries, allowances and benefits (political office bearers/councillors/senior managers)

Disclosure of Salaries, Allowances & Benefits 1.	Ref	No.	Salary	Contributions	Allowances	Performance Bonuses	In-kind benefits	Total Package
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Table 42 MBRR SA24 – Summary of personnel numbers

Summary of Personnel Numbers	Ref	2017/18			Current Year 2018/19			Budget Year 2019/20		
		Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees
Municipal Council and Boards of Municipal Entities Councillors (Political Office Bearers plus Other Councillors) Board Members of municipal entities	4	7	–	7	7	–	7	7		7

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Municipal employees	5									
Municipal Manager and Senior Managers	3	7	3	2	7	3	4	4	3	1
Other Managers	7	4	4		5	5		4	4	–
Professionals		45	38	7	48	36	12	51	42	9
<i>Finance</i>		30	23	7	27	22	5	29	27	2
<i>Spatial/town planning</i>										
<i>Information Technology</i>		1	1		1	1		2	2	
<i>Roads</i>										
<i>Electricity</i>										
<i>Water</i>										
<i>Sanitation</i>										
<i>Refuse</i>										
<i>Other</i>		14	14		20	13	7	20	13	7
Technicians		58	58	–	54	53	1	58	58	–
<i>Finance</i>										
<i>Spatial/town planning</i>		1	1		1	1		1	1	–
<i>Information Technology</i>										
<i>Roads</i>										
<i>Electricity</i>					1	1				
<i>Water</i>		24	24		26	26		24	24	
<i>Sanitation</i>		9	9		7	6	1	9	9	
<i>Refuse</i>		17	17		14	14		17	17	
<i>Other</i>		7	7		5	5		7	7	
Clerks (Clerical and administrative)		18	18		20	19	1	18	18	
Service and sales workers										
Skilled agricultural and fishery workers										
Craft and related trades										
Plant and Machine Operators										
Elementary Occupations										
TOTAL PERSONNEL NUMBERS	9	139	121	16	141	116	25	142	125	17
% increase					1,4%	(4,1%)	56,3%	0,7%	7,8%	(32,0%)
Total municipal employees headcount	6, 10	–	–	–	–	–	–	–	–	–
Finance personnel headcount	8, 10	–	–	–	–	–	–	–	–	–
Human Resources personnel headcount	8, 10	–	–	–	–	–	–	–	–	–

2.9 Contracts having future budgetary implications

In terms of the municipality's Supply Chain Management Policy, no contracts are awarded beyond the medium- term revenue and expenditure framework (three years). In ensuring adherence to this contractual time frame limitation, all reports submitted to either the Bid Evaluation and Adjudication Committees must obtain formal financial comments from the Budget and Treasury Office.

2.10 Capital expenditure details

Table 43 MBRR SA35 – Future Financial implications of capital budget

Vote Description R thousand	Ref	2019/20 Medium Term Revenue & Expenditure Framework		
		Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Capital expenditure	1			
Vote 1 - MUNICIPAL MANAGER		–	–	–
Vote 2 - CORPORATE SERVICE		–	–	–
Vote 3 - FINANCIAL MANAGEMENT SERVICES		–	–	–
Vote 4 - COMMUNITY SERVICES		500	–	–
Vote 5 - TECHNICAL SERVICES		15 191	11 035	11 529
Vote 6 - EXECUTIVE AND COUNCIL		–	–	–
Vote 7 - STRATEGIC PLANNING		–	–	–
<i>List entity summary if applicable</i>				
Total Capital Expenditure		15 691	11 035	11 529
Future operational costs by vote	2			
Vote 1 - MUNICIPAL MANAGER		2 964	3 174	3 412
Vote 2 - CORPORATE SERVICE		6 163	6 600	7 095
Vote 3 - FINANCIAL MANAGEMENT SERVICES		20 608	20 649	22 191
Vote 4 - COMMUNITY SERVICES		4 928	5 774	6 109
Vote 5 - TECHNICAL SERVICES		6 630	11 049	12 442
Vote 6 - EXECUTIVE AND COUNCIL		4 665	4 963	5 323
Vote 7 - STRATEGIC PLANNING		1 713	1 827	1 964
<i>List entity summary if applicable</i>				
Total future operational costs		47 670	54 036	58 537
Future revenue by source	3			
Property rates		7 541	8 076	8 982
Service charges - electricity revenue		–	–	–
Service charges - water revenue		5 222	5 593	6 195
Service charges - sanitation revenue		1 129	1 209	1 300
Service charges - refuse revenue		1 496	1 602	1 722
Service charges - other		–	–	–
Rental of facilities and equipment		1 466	1 554	1 688
Interest earned - external investments		477	510	549
Interest earned - outstanding debtors		1 157	1 239	1 332
Dividends received		–	–	–
Fines, penalties and forfeits		–	–	–
Licences and permits		–	–	–
Agency services		945	1 012	1 088
Transfers and subsidies		30 115	31 066	33 056
Other revenue		1 048	1 123	1 226
Gains on disposal of PPE		1 440	1 543	1 658
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		15 191	11 035	11 529
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)		–	–	–
Transfers and subsidies - capital (in-kind - all)		–	–	–
<i>List entity summary if applicable</i>				
Total future revenue		67 226	65 561	70 325
Net Financial Implications		(3 865)	(489)	(259)

Table 44 MBRR SA34e – Capital expenditure on upgrading of existing assets by asset class

[illegible]

<i>Water Rights</i>		-	-	-	-	-	-	-	-	-
<i>Effluent Licenses</i>		-	-	-	-	-	-	-	-	-
<i>Solid Waste Licenses</i>		-	-	-	-	-	-	-	-	-
<i>Computer Software and Applications</i>		-	-	-	-	-	-	-	-	-
<i>Load Settlement Software Applications</i>		-	-	-	-	-	-	-	-	-
<i>Unspecified</i>		-	-	-	-	-	-	-	-	-
<u>Computer Equipment</u>		-	-	-	-	-	-	-	-	-
Computer Equipment		-	-	-	-	-	-	-	-	-
<u>Furniture and Office Equipment</u>		-	-	-	-	-	-	-	-	-
Furniture and Office Equipment		-	-	-	-	-	-	-	-	-
<u>Machinery and Equipment</u>		-	-	-	-	-	-	-	-	-
Machinery and Equipment		-	-	-	-	-	-	-	-	-
<u>Transport Assets</u>		-	-	-	-	-	-	-	-	-
Transport Assets		-	-	-	-	-	-	-	-	-
<u>Land</u>		-	-	-	-	-	-	-	-	-
Land		-	-	-	-	-	-	-	-	-
<u>Zoo's, Marine and Non-biological Animals</u>		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
Total Capital Expenditure on upgrading of existing assets	1	-	-	-	-	-	-	14 914	10 582	11 049

Table 45 MBRR SA35 – Future financial implications of the capital budget

Vote Description	Ref	2019/20 Medium Term Revenue & Expenditure Framework		
		Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand				
<u>Capital expenditure</u>	1			
Vote 1 - MUNICIPAL MANAGER		-	-	-
Vote 2 - CORPORATE SERVICE		-	-	-
Vote 3 - FINANCIAL MANAGEMENT SERVICES		-	-	-
Vote 4 - COMMUNITY SERVICES		500	-	-
Vote 5 - TECHNICAL SERVICES		15 191	11 035	11 529
Vote 6 - EXECUTIVE AND COUNCIL		-	-	-
Vote 7 - STRATEGIC PLANNING		-	-	-
<i>List entity summary if applicable</i>				
Total Capital Expenditure		15 691	11 035	11 529

Future operational costs by vote	2			
Vote 1 - MUNICIPAL MANAGER		2 964	3 174	3 412
Vote 2 - CORPORATE SERVICE		6 163	6 600	7 095
Vote 3 - FINANCIAL MANAGEMENT SERVICES		20 608	20 649	22 191
Vote 4 - COMMUNITY SERVICES		4 928	5 774	6 109
Vote 5 - TECHNICAL SERVICES		6 630	11 049	12 442
Vote 6 - EXECUTIVE AND COUNCIL		4 665	4 963	5 323
Vote 7 - STRATEGIC PLANNING		1 713	1 827	1 964
<i>List entity summary if applicable</i>				
Total future operational costs		47 670	54 036	58 537
Future revenue by source	3			
Property rates		7 541	8 076	8 982
Service charges - electricity revenue		–	–	–
Service charges - water revenue		5 222	5 593	6 195
Service charges - sanitation revenue		1 129	1 209	1 300
Service charges - refuse revenue		1 496	1 602	1 722
Service charges - other		–	–	–
Rental of facilities and equipment		1 466	1 554	1 688
Interest earned - external investments		477	510	549
Interest earned - outstanding debtors		1 157	1 239	1 332
Dividends received		–	–	–
Fines, penalties and forfeits		–	–	–
Licences and permits		–	–	–
Agency services		945	1 012	1 088
Transfers and subsidies		30 115	31 066	33 056
Other revenue		1 048	1 123	1 226
Gains on disposal of PPE		1 440	1 543	1 658
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		15 191	11 035	11 529
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)		–	–	–
Transfers and subsidies - capital (in-kind - all)		–	–	–
<i>List entity summary if applicable</i>				
Total future revenue		67 226	65 561	70 325
Net Financial Implications		(3865)	(489)	(259)

Table 46 MBRR SA36 – Detailed capital budget per municipal vote

R thousand											2019/20 Medium Term Revenue & Expenditure Framework		
Function	Project Description	Project Number	Type	MTSF Service Outcome	Own Strategic Objectives	Asset Class	Asset Sub-Class	Ward Location	Audited Outcome 2017/18	Current Year 2018/19 Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Parent municipality: <i>List all capital projects grouped by Function</i>													
Sternham In - situ upgrading of internal residential streets	To improve and maintain current basic service delivery through specific infrastructural development projects		Upgrading			<i>Roads Infrastructure</i>	<i>Roads</i>	Ward 3		3 577			
Grootdringk Sewer reticulation, Pump station & rising main	To improve and maintain current basic service delivery through specific infrastructural development projects	MIG 1325	Renewal			<i>Sanitation Infrastructure</i>	<i>Waste Water Treatment Works</i>	Ward 1		2 769	1 142	1 210	1 283
Sternham & Duineveld sewer reticulation & Pump station	To improve and maintain current basic service delivery through specific infrastructural development projects	MIG 1324	Renewal			<i>Sanitation Infrastructure</i>	<i>Waste Water Treatment Works</i>	Ward 3		3 794	9 122	9 372	9 766
Kheis UDS project	To improve and maintain current basic service delivery through specific infrastructural development projects	MIG 1212	New			<i>Sanitation Infrastructure</i>	<i>Waste Water Treatment Works</i>	All wards		427	427	453	480

Water reticulation - Brandboom	To improve and maintain current basic service delivery through specific infrastructural development projects		Upgrading			Water Infrastructure	Water Works	Ward 4		4 000	4 500		
Water reticulation - Groblershoop	To improve and maintain current basic service delivery through specific infrastructural development projects		Upgrading			Water Infrastructure	Water Works	Ward 3	15 594				
Construct new Library - Wegdraai			New			Sport and Recreation Facilities	Libraries	Ward 2			350		
Upgrade Library in Groblershoop			Upgrading			Sport and Recreation Facilities	Libraries	Ward 3			150		
Parent Capital expenditure									15 594	14 567	15 691	11 035	11 529
Entities: <i>List all capital projects grouped by Entity</i>													
Entity A Water project A													
Entity B Electricity project B													
Entity Capital expenditure									-	-	-	-	-
Total Capital expenditure									15 594	14 567	15 691	11 035	11 529

2.11 Legislation compliance status

Compliance with the MFMA implementation requirements have been substantially adhered to through the following activities:

1. In year reporting

Reporting to National Treasury in electronic format had been a challenge for the municipality with the raw data not aligning with the actual expenditure on the data strings for mSCOA since the turn of the year. Section 71 reporting to the Mayor (within 10 working days) has progressively improved and includes quarterly published financial performance on the municipality's website.

2. Internship Programme

The municipality is participating in the Municipal Financial Management Internship programme and has employed five interns, undergoing training in various divisions of the Budget and Treasury Office, as well as other divisions in the finance department. There are currently no vacancies for financial internship. The current interns had only be appointed during February 2016, after the former interns had been permanently employed in the finance department. At November 2015 five financial interns successfully completed their internship and had been permanently appointed in the financial department.

3. Budget and Treasury Office

The Budget and Treasury Office has been established in accordance with the MFMA.

4. Audit Committee

The Audit Committee had not been established

5. Annual Report

Annual report is compiled in terms of the MFMA and National Treasury requirements.

6. MFMA Training

The MFMA training module in electronic format is presented at the municipality and training is going.

7. Policies

An amendment of the Municipal Property Rates Regulations as published in Government Notice 363 of 27 March 2009, was announced in Government Gazette

The municipality's Property Rates Policy has also been reviewed to take into account views from stakeholders and other similar Forums. Other budget related policies in existence include the following:

- Budget Policy;
- Indigents Policy.
- Tariff Policy
- Credit Control and Debt Collection Policy
- Financial Code Policy
- Cash Management and Investment Policy; and
- Borrowing Policy

Table 47 MBRR SA1 – Supporting detail to budgeted financial performance

[illegible]

!Kheis Local Municipality

2019/20 MTREF Budget 99

<i>less Cost of Free Basic Services (free sanitation service to indigent households)</i>		-	-	-	517	517	517	517	1 299	1 391	1 496
Net Service charges - sanitation revenue		2 061	1 527	2 344	1 780	1 647	1 647	1 647	1 129	1 209	1 300
<u>Service charges - refuse revenue</u>	6										
Total refuse removal revenue		2 724	1 429	2 905	3 321	3 076	3 076	3 076	3 282	3 515	3 779
Total landfill revenue		-	-	-	-	-	-	-	-	-	-
<i>less Revenue Foregone (in excess of one removal a week to indigent households)</i>		-	-	-	-	-	-	-	-	-	-
<i>less Cost of Free Basic Services (removed once a week to indigent households)</i>		-	-	-	431	431	431	431	1 786	1 913	2 057
Net Service charges - refuse revenue		2 724	1 429	2 905	2 891	2 646	2 646	2 646	1 496	1 602	1 722
<u>Other Revenue by source</u>											
<i>Fuel Levy</i>		-	-	-	-	-	-	-	-	-	-
<i>Other Revenue</i>		1 155	914	960	1 657	1 970	1 970	1 970	-	-	-
<i>Discontinued Operations</i>		-	-	-	-	-	-	-	-	-	-
Rent on Land		-	-	-	-	-	-	-	41	43	47
Operational Revenue		-	-	-	-	-	-	-	130	139	149
Intercompany/Parent-subsidiary Transactions		-	-	-	-	-	-	-	-	-	-
Surcharges and Taxes		-	-	-	-	-	-	-	-	-	-
Sales of Goods and Rendering of Services		-	-	-	-	-	-	-	878	940	1 031
Gains and Losses : Gains		-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-	-
	3	-	-	-	-	-	-	-	-	-	-
Total 'Other' Revenue	1	1 155	914	960	1 657	1 970	1 970	1 970	1 048	1 123	1 226
EXPENDITURE ITEMS:											
<u>Employee related costs</u>											
Basic Salaries and Wages	2	17 562	25 691	26 978	19 960	19 857	19 857	19 857	21 396	22 857	24 510
Pension and UIF Contributions		-	-	-	2 906	2 906	2 906	2 906	3 666	3 926	4 219
Medical Aid Contributions		-	-	-	570	570	570	570	205	220	236
Overtime		-	-	-	119	119	119	119	-	-	-
Performance Bonus		-	-	-	1 602	1 602	1 602	1 602	1 676	1 795	1 930
Motor Vehicle Allowance		-	-	-	2 933	2 933	2 933	2 933	2 970	3 181	3 420
Cellphone Allowance		-	-	-	199	199	199	199	216	224	241
Housing Allowances		-	-	-	329	329	329	329	262	281	302
Other benefits and allowances		-	-	-	151	151	151	151	264	283	304
Payments in lieu of leave		-	-	-	120	120	120	120	104	112	120
Long service awards		-	-	-	74	74	74	74	74	79	85

[illegible]

!Kheis Local Municipality

2019/20 MTREF Budget 103

Restated balance		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit)		7 903	(1 785)	(327)	104	919	918	919	3 865	489	259
Appropriations to Reserves		-	-	-	-	-	-	-	-	-	-
Transfers to/from Reserves		-	-	-	-	-	-	-	-	-	-
Depreciation offsets		-	-	-	-	-	-	-	-	-	-
Other adjustments		-	-	-	-	-	-	-	-	-	-
Accumulated Surplus/(Deficit)	1	7 903	(1 785)	(327)	104	919	918	919	3 865	489	259
<u>Reserves</u>	-										
Housing Development Fund		-	-	-	-	-	-	-	-	-	-
Capital replacement		-	-	-	-	-	-	-	-	-	-
Self-insurance		-	-	-	-	-	-	-	-	-	-
Other reserves		-	-	-	-	-	-	-	-	-	-
Revaluation		-	-	-	-	-	-	-	-	-	-
Total Reserves	2	-	-	-	-	-	-	-	-	-	-
TOTAL COMMUNITY WEALTH/EQUITY	2	7 903	(1 785)	(327)	104	919	918	919	3 865	489	259

Table 49 MBRR SA25 - Budgeted monthly revenue and expenditure

Description	Ref	Budget Year 2019/20												Medium Term Revenue and Expenditure Framework		
R thousand		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Revenue By Source	-															
Property rates		628	628	628	628	628	628	628	628	628	628	628	628	7 541	8 076	8 982
Service charges - electricity revenue		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - water revenue		435	435	435	435	435	435	435	435	435	435	435	435	5 222	5 593	6 195
Service charges - sanitation revenue		94	94	94	94	94	94	94	94	94	94	94	94	1 129	1 209	1 300
Service charges - refuse revenue		125	125	125	125	125	125	125	125	125	125	125	125	1 496	1 602	1 722
Rental of facilities and equipment		122	122	122	122	122	122	122	122	122	122	122	122	1 466	1 554	1 688
Interest earned - external investments		40	40	40	40	40	40	40	40	40	40	40	40	477	510	549
Interest earned - outstanding debtors		96	96	96	96	96	96	96	96	96	96	96	96	1 157	1 239	1 332
Dividends received		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Licences and permits		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Agency services		79	79	79	79	79	79	79	79	79	79	79	79	945	1 012	1 088
Transfers and subsidies		2 510	2 510	2 510	2 510	2 510	2 510	2 510	2 510	2 510	2 510	2 510	2 510	30 115	31 066	33 056
Other revenue		87	87	87	87	87	87	87	87	87	87	87	87	1 048	1 123	1 226
Gains on disposal of PPE		120	120	120	120	120	120	120	120	120	120	120	120	1 440	1 543	1 658
Total Revenue (excluding capital transfers and contributions)		4 336	4 336	4 336	4 336	4 336	4 336	4 336	4 336	4 336	4 336	4 336	4 336	52 035	54 526	58 796
Expenditure By Type	-															
Employee related costs		2 569	2 569	2 569	2 569	2 569	2 569	2 569	2 569	2 569	2 569	2 569	2 570	30 833	32 958	35 367

!Kheis Local Municipality		2019/20 Budget and MTREF														
Remuneration of councillors		248	248	248	248	248	248	248	248	248	248	248	248	2 972	3 183	3 421
Debt impairment		–	–	–	–	–	–	–	–	–	–	–	6 278	6 278	6 723	7 228
Depreciation & asset impairment		403	403	403	403	403	403	403	403	403	403	403	403	4 835	5 178	5 567
Finance charges		10	10	10	10	10	10	10	10	10	10	10	10	120	129	138
Bulk purchases		120	120	120	120	120	120	120	120	120	120	120	120	1 441	1 543	1 659
Other materials		50	50	50	50	50	50	50	50	50	50	50	50	595	637	685
Contracted services		362	362	362	362	362	362	362	362	362	362	362	362	4 343	4 629	4 952
Transfers and subsidies		109	109	109	109	109	109	109	109	109	109	109	109	1 310	354	371
Other expenditure		886	886	886	886	886	886	886	886	886	886	886	887	10 634	9 737	10 678
Loss on disposal of PPE		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Total Expenditure		4 757	4 757	4 757	4 757	4 757	4 757	4 757	4 757	4 757	4 757	4 757	11 036	63 361	65 071	70 066
Surplus/(Deficit)		(421)	(421)	(421)	(421)	(421)	(421)	(421)	(421)	(421)	(421)	(421)	(6 700)	(11 326)	(10 546)	(11 270)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		12 134	–	–	–	–	3 057	–	–	–	–	–	–	15 191	11 035	11 529
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatons, Higher Educational Institutions)		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Transfers and subsidies - capital (in-kind - all)		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after capital transfers & contributions		11 713	(421)	(421)	(421)	(421)	2 637	(421)	(421)	(421)	(421)	(421)	(6 700)	3 865	489	259
Taxation		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Attributable to minorities		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Share of surplus/ (deficit) of associate		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit)	1	11 713	(421)	(421)	(421)	(421)	2 637	(421)	(421)	(421)	(421)	(421)	(6 700)	3 865	489	259

Table 50 MBRR SA26 - Budgeted monthly revenue and expenditure (municipal vote)

Description	Ref	Budget Year 2019/20												Medium Term Revenue and Expenditure Framework		
R thousand		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Revenue by Vote	-															
Vote 1 - MUNICIPAL MANAGER		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 2 - CORPORATE SERVICE		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 3 - FINANCIAL MANAGEMENT SERVICES		5 154	5 154	5 154	5 154	5 154	5 154	5 154	5 154	5 154	5 154	5 154	5 154	61 843	64 678	69 375
Vote 4 - COMMUNITY SERVICES		74	74	74	74	74	74	74	74	74	74	74	74	883	883	950
Vote 5 - TECHNICAL SERVICES		375	375	375	375	375	375	375	375	375	375	375	375	4 500	-	-
Vote 6 - EXECUTIVE AND COUNCIL		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 7 - STRATEGIC PLANNING		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenue by Vote		5 602	5 602	5 602	5 602	5 602	5 602	5 602	5 602	5 602	5 602	5 602	5 602	67 226	65 561	70 325
Expenditure by Vote to be appropriated	-															
Vote 1 - MUNICIPAL MANAGER		247	247	247	247	247	247	247	247	247	247	247	247	2 964	3 174	3 412

!Kheis Local Municipality		2019/20 Budget and MTREF														
Vote 2 - CORPORATE SERVICE		514	514	514	514	514	514	514	514	514	514	514	514	6 163	6 600	7 095
Vote 3 - FINANCIAL MANAGEMENT SERVICES		1 717	1 717	1 717	1 717	1 717	1 717	1 717	1 717	1 717	1 717	1 717	1 718	20 608	20 649	22 191
Vote 4 - COMMUNITY SERVICES		452	452	452	452	452	452	452	452	452	452	452	453	5 428	5 774	6 109
Vote 5 - TECHNICAL SERVICES		1 818	1 818	1 818	1 818	1 818	1 818	1 818	1 818	1 818	1 818	1 818	1 819	21 821	22 084	23 971
Vote 6 - EXECUTIVE AND COUNCIL		389	389	389	389	389	389	389	389	389	389	389	389	4 665	4 963	5 323
Vote 7 - STRATEGIC PLANNING		143	143	143	143	143	143	143	143	143	143	143	143	1 713	1 827	1 964
Vote 8 - [NAME OF VOTE 8]		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 9 - [NAME OF VOTE 9]		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 10 - [NAME OF VOTE 10]		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 11 - [NAME OF VOTE 11]		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 12 - [NAME OF VOTE 12]		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 13 - [NAME OF VOTE 13]		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 14 - [NAME OF VOTE 14]		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 15 - [NAME OF VOTE 15]		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Total Expenditure by Vote		5 280	5 280	5 280	5 280	5 280	5 280	5 280	5 280	5 280	5 280	5 280	5 282	63 361	65 071	70 066
Surplus/(Deficit) before assoc.		322	322	322	322	322	322	322	322	322	322	322	321	3 865	489	259
Taxation		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Attributable to minorities		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Share of surplus/ (deficit) of associate		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit)	1	322	322	322	322	322	322	322	322	322	322	322	321	3 865	489	259

Table 51 MBRR SA27 - Budgeted monthly revenue and expenditure (standard classification)

Description	Ref	Budget Year 2019/20												Medium Term Revenue and Expenditure Framework		
R thousand		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Revenue - Functional	-															
Governance and administration		4 462	4 462	4 462	4 462	4 462	4 462	4 462	4 462	4 462	4 462	4 462	4 463	53 549	56 866	60 794
Executive and council		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Finance and administration		4 462	4 462	4 462	4 462	4 462	4 462	4 462	4 462	4 462	4 462	4 462	4 463	53 549	56 866	794 ⁶⁰
Internal audit		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Community and public safety		74	74	74	74	74	74	74	74	74	74	74	74	884	884	951
Community and social services		74	74	74	74	74	74	74	74	74	74	74	74	884	884	951
Sport and recreation		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Economic and environmental services		79	79	79	79	79	79	79	79	79	79	79	79	945	1 012	1 088
Planning and development		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Road transport		79	79	79	79	79	79	79	79	79	79	79	79	945	1 012	1 088
Environmental protection		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Trading services		987	987	987	987	987	987	987	987	987	987	987	987	11 849	6 799	7 493
Energy sources		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Water management		670	670	670	670	670	670	670	670	670	670	670	670	8 036	3 787	4 254
Waste water management		88	88	88	88	88	88	88	88	88	88	88	88	1 055	1 130	1 215
Waste management		230	230	230	230	230	230	230	230	230	230	230	230	2 758	1 882	2 024

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<i>Other</i>		-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenue - Functional		5 602	5 602	5 602	5 602	5 602	5 602	5 602	5 602	5 602	5 602	5 602	67 226	65 561	70 325
<u>Expenditure - Functional</u>	-														
<i>Governance and administration</i>		2 728	2 728	2 728	2 728	2 728	2 728	2 728	2 728	2 728	2 728	9 007	39 011	40 244	43 158
Executive and council		635	635	635	635	635	635	635	635	635	635	636	7 624	8 132	8 730
Finance and administration		2 092	2 092	2 092	2 092	2 092	2 092	2 092	2 092	2 092	2 092	8 371	31 388	32 112	34 428
Internal audit		-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		140	140	140	140	140	140	140	140	140	140	140	1 679	1 840	1 965
Community and social services		130	130	130	130	130	130	130	130	130	130	130	1 560	1 670	1 796
Sport and recreation		10	10	10	10	10	10	10	10	10	10	10	120	170	170
<i>Economic and environmental services</i>		220	220	220	220	220	220	220	220	220	220	220	2 638	2 818	3 029
Planning and development		143	143	143	143	143	143	143	143	143	143	143	1 713	1 827	1 964
Road transport		77	77	77	77	77	77	77	77	77	77	77	925	991	1 065
<i>Trading services</i>		1 669	1 669	1 669	1 669	1 669	1 669	1 669	1 669	1 669	1 669	1 670	20 033	20 169	21 913
Energy sources		162	162	162	162	162	162	162	162	162	162	162	1 949	2 088	2 244
Water management		830	830	830	830	830	830	830	830	830	830	830	9 961	9 597	10 317
Waste water management		368	368	368	368	368	368	368	368	368	368	368	4 414	4 727	5 081
Waste management		309	309	309	309	309	309	309	309	309	309	309	3 709	3 758	4 271
<i>Other</i>		-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenditure - Functional		4 757	4 757	4 757	4 757	4 757	4 757	4 757	4 757	4 757	4 757	11 036	63 361	65 071	70 066
Surplus/(Deficit) before assoc.		845	845	845	845	845	845	845	845	845	845	(5 434)	865 ³	489	259
Share of surplus/ (deficit) of associate		-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit)	1	845	845	845	845	845	845	845	845	845	845	(5 434)	3 865	489	259

Table 52 MBRR SA28 - Budgeted monthly capital expenditure (municipal)

Description R thousand	Ref	Budget Year 2019/20												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Multi-year expenditure to be appropriated	1															
Vote 1 - MUNICIPAL MANAGER		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 2 - CORPORATE SERVICE		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 3 - FINANCIAL MANAGEMENT SERVICES		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 4 - COMMUNITY SERVICES		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 5 - TECHNICAL SERVICES		1 266	1 266	1 266	1 266	1 266	1 266	1 266	1 266	1 266	1 266	1 266	1 266	15 191	11 035	11 529
Vote 6 - EXECUTIVE AND COUNCIL		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 7 - STRATEGIC PLANNING		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	2	1 266	1 266	1 266	1 266	1 266	1 266	1 266	1 266	1 266	1 266	1 266	1 266	15 191	11 035	11 529
Single-year expenditure to be appropriated																
Vote 1 - MUNICIPAL MANAGER		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 2 - CORPORATE SERVICE		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 3 - FINANCIAL MANAGEMENT SERVICES		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 4 - COMMUNITY SERVICES		42	42	42	42	42	42	42	42	42	42	42	42	500	-	-
Vote 5 - TECHNICAL SERVICES		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 6 - EXECUTIVE AND COUNCIL		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total	2	42	42	42	42	42	42	42	42	42	42	42	42	500	-	-
Total Capital Expenditure	2	1 308	1 308	1 308	1 308	1 308	1 308	1 308	1 308	1 308	1 308	1 308	1 308	15 691	11 035	11 529

Table 53 MBRR SA29 - Budgeted monthly capital expenditure (standard classification)

Description R thousand	Ref	Budget Year 2019/20												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Capital Expenditure - Functional	1															
Governance and administration		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Executive and council		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Finance and administration		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Internal audit		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Community and public safety		42	42	42	42	42	42	42	42	42	42	42	42	500	-	-
Community and social services		42	42	42	42	42	42	42	42	42	42	42	42	500	-	-
Sport and recreation		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Economic and environmental services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Planning and development		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Road transport		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Environmental protection		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Trading services		1 266	1 266	1 266	1 266	1 266	1 266	1 266	1 266	1 266	1 266	1 266	1 266	15 191	11 035	11 529
Energy sources		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Water management		375	375	375	375	375	375	375	375	375	375	375	375	4 500	-	-
Waste water management		36	36	36	36	36	36	36	36	36	36	36	36	427	453	480

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Waste management		855	855	855	855	855	855	855	855	855	855	855	855	10 264	10 582	11 049
<i>Other</i>		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Total Capital Expenditure - Functional	2	1 308	1 308	1 308	1 308	1 308	1 308	1 308	1 308	1 308	1 308	1 308	1 308	15 691	11 035	11 529
Funded by:																
National Government		1 266	1 266	1 266	1 266	1 266	1 266	1 266	1 266	1 266	1 266	1 266	1 266	15 191	11 035	11 529
Provincial Government		42	42	42	42	42	42	42	42	42	42	42	42	500	–	–
District Municipality		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Other transfers and grants		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Transfers recognised - capital		1 308	1 308	1 308	1 308	1 308	1 308	1 308	1 308	1 308	1 308	1 308	1 308	15 691	11 035	11 529
Public contributions & donations		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Borrowing		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Internally generated funds		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Total Capital Funding		1 308	1 308	1 308	1 308	1 308	1 308	1 308	1 308	1 308	1 308	1 308	1 308	15 691	11 035	11 529

Table 54 MBRR SA30 - Budgeted monthly cash flow

MONTHLY CASH FLOWS	Budget Year 2019/20												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Cash Receipts By Source													1		
Property rates	847 ¹	103	103	103	103	103	78	50	50	50	50	(0)	2 639	4 038	4 491
Service charges - electricity revenue	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Service charges - water revenue	152	152	152	152	152	152	152	152	152	152	152	152	1 828	2 796	3 098
Service charges - sanitation revenue	33	33	33	33	33	33	33	33	33	33	33	33	395	605	650
Service charges - refuse revenue	44	44	44	44	44	44	44	44	44	44	44	43	524	801	861
Service charges - other	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Rental of facilities and equipment	122	122	122	122	122	122	122	122	122	122	122	122	1 466	1 554	1 688
Interest earned - external investments	40	40	40	40	40	40	40	40	40	40	40	39	477	510	549
Interest earned - outstanding debtors	34	34	34	34	34	34	34	34	34	34	34	34	405	619	666
Dividends received	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Fines, penalties and forfeits	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Licences and permits	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Agency services	28	28	28	28	28	28	28	28	28	28	28	27	331	354	381
Transfer receipts - operational	15 210				8 467				6 438			–	30 115	31 066	33 056
Other revenue	87	87	87	87	87	87	87	87	87	87	87	88	1 048	1 123	1 226
Cash Receipts by Source	17 597	642	642	642	109⁹	642	617	589	7 027	589	589	538	39 227	43 466	46 665
Other Cash Flows by Source															
Transfer receipts - capital	12 134	–	–	–	–	3 057	–	–	–	–	–	–	15 191	11 035	11 529

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Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions) & Transfers and subsidies - capital (in-kind - all)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Proceeds on disposal of PPE	120	120	120	120	120	120	120	120	120	120	120	120	1 440	1 543	1 658
Short term loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Decrease (Increase) in non-current debtors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Decrease (increase) other non-current receivables	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Cash Receipts by Source	29 851	762	762	762	9 229	3 820	737	709	7 147	709	709	658	55 858	56 044	59 852
Cash Payments by Type															
Employee related costs	569 ²	569 ²	569 ²	569 ²	569 ²	569 ²	569 ²	569 ²	569 ²	569 ²	569 ²	570 ²	30 833	32 958	35 367
Remuneration of councillors	248	248	248	248	248	248	248	248	248	248	248	248	2 972	3 183	3 421
Finance charges	10	10	10	10	10	10	10	10	10	10	10	10	120	129	138
Bulk purchases - Electricity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Bulk purchases - Water & Sewer	120	120	120	120	120	120	120	120	120	120	120	120	1 441	1 543	1 659
Other materials	50	50	50	50	50	50	50	50	50	50	50	50	595	637	685
Contracted services	362	362	362	362	362	362	362	362	362	362	362	362	4 343	4 629	4 952
Transfers and grants - other municipalities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers and grants - other	100	100	100	100	100	100	100	100	100	100	100	210	1 310	354	371
Other expenditure	886	886	886	886	886	886	886	886	886	886	886	887	10 634	9 737	10 678
Cash Payments by Type	4 345	4 345	4 345	4 345	4 345	4 345	4 345	4 345	4 345	4 345	4 345	4 456	52 248	53 170	57 271

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Other Cash Flows/ Payments by Type	Windsor Municipality														
Capital assets	1 308	1 308	1 308	1 308	1 308	1 308	1 308	1 308	1 308	1 308	1 308	1 308	15 691	11 035	11 529
Repayment of borrowing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Cash Flows/Payments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Cash Payments by Type	5 652	5 652	5 652	5 652	5 652	5 652	5 652	5 652	5 652	5 652	5 652	5 764	67 939	64 205	68 800
NET INCREASE/(DECREASE) IN CASH HELD	24 198	(4 890)	(4 890)	(4 890)	3 577	(1 833)	(4 915)	(4 943)	1 495	(4 943)	(4 943)	(5 106)	(12 081)	(8 160)	(8 948)
Cash/cash equivalents at the month/year begin:	-	24 198	19 308	14 418	9 528	13 105	11 273	6 358	1 415	2 910	(2 033)	(6 975)	-	(12 081)	(20 241)
Cash/cash equivalents at the month/year end:	24 198	19 308	14 418	9 528	13 105	11 273	6 358	1 415	2 910	(2 033)	(6 975)	(12 081)	(12 081)	(20 241)	(29 189)

2.13 Municipal managers's quality certificate

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2.13 Municipal manager's quality certificate

I, Tebogo Floyd Leeuw, the Acting Municipal Manager of IKheis Local Municipality, hereby certify that the annual budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the annual budget and supporting documents are consistent with the Integrated Development Plan of the municipality.

Print Name TEBOGO FLOYD LEEUW
Municipal Manager of IKheis Local Municipality (NC084)

Signature



Date

27 May 2019